

Act on a Terrorism Insurance Scheme for the Non-life Insurance Area

Act no. 469 of 17 June 2008

We Margrethe the Second, by the grace of God Queen of Denmark hereby witness:
Folketinget has adopted and We with Our consent hereby enact the following Act:

Part 1

Scope of the Act

1. A terrorism insurance scheme shall be established.
- 2.-(1) This Act shall apply to all direct non-life insurance companies, which have been granted a licence from the Danish Financial Supervisory Authority to carry out insurance activities and which underwrite insurance for the risks mentioned in section 3.

(2) Branches located in Denmark of non-life insurance companies domiciled in other countries within the European Union or countries with which the Community has entered into an agreement, which have been notified to underwrite insurance in Denmark for the risks mentioned in section 3, may join the terrorism insurance scheme.

(3) Non-life insurance companies domiciled in other countries within the European Union or countries with which the Community has entered into an agreement, which have been notified to underwrite insurance in Denmark for the risks mentioned in section 3, may join the terrorism insurance scheme.
- 3.-(1) The terrorism insurance scheme shall include insurance policies, which cover nuclear, biological, chemical and radioactive (NBCR) terrorism risks for buildings and contents, including business interruption losses, as well as for railway rolling stock (fully comprehensive insurance for railway rolling stock), motor vehicles (fully comprehensive insurance for vehicles) and for ships (hull insurance), in Denmark.

Part 2

Membership, duty to pay contributions and the Terrorism Insurance Council

- 4.-(1) The insurance companies mentioned in section 2(1) shall be members of the terrorism insurance scheme and shall pay an annual risk premium to the Danish government for having the reinsurance guarantee made available.

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(2) The foreign non-life insurance companies mentioned in section 2(2) and (3), and which have joined the scheme, shall also pay an annual risk premium to the Danish government for having the reinsurance guarantee made available.

5.-(1) The limit for when the reinsurance guarantee is to take effect shall be stipulated each year by the Minister for Economic and Business Affairs on recommendation by the Terrorism Insurance Council, cf. section 7.

(2) The amount of the annual risk premium to the Danish government, cf. section 4(1) and (2) shall, on the commencement of the scheme, be 0.15 per cent of the reinsurance guarantee.

(3) The Minister for Economic and Business Affairs may change the amount of the annual risk premium to the Danish government, if the European Commission deems that it is to be based on another risk premium.

6.-(1) The non-life insurance companies which are members of the terrorism insurance scheme, cf. section 4(1) and (2), shall establish a common legal entity. The legal entity shall administer payment of premiums to the Danish government, payment of claims to members, as well as refund to the Danish government, cf. part 4. The legal entity may demand all relevant information from members of the scheme for use in its activities.

(2) The Minister for Economic and Business Affairs shall lay down more detailed regulations for the legal entity's administration, submission of financial statements and audit of the premium payments to the government and the government insurance guarantee scheme.

(3) The legal entity may organise itself in a claims distribution pool in which the costs of the covered claims to be paid by the individual company affected are distributed to all participating companies which cover the risks mentioned in section 3.

7.-(1) The Minister for Economic and Business Affairs shall establish a Terrorism Insurance Council composed of representatives from the Ministry of Finance, the Ministry of Economic and Business Affairs, the Danish Financial Supervisory Authority as well as the legal entity, cf. section 6(1).

(2) The Minister for Economic and Business Affairs shall lay down more detailed regulations on the composition, work and appointment of the members of the Terrorism Insurance Council.

Part 3

Scope of cover for the government reinsurance guarantee and notification of claims

8.-(1) When claims for compensation against the companies covered by the terrorism insurance scheme exceed the limit stipulated annually, cf. section 5(1), the government reinsurance guarantee will come into force.

(2) The reinsurance guarantee shall amount to DKK 15 bn. each year.

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9.-(1) Claims for compensation, which exceed the limit stipulated in accordance with section 5(1) shall be notified to the Minister for Economic and Business Affairs by the legal entity, cf. section 6(1).

(2) Payment from the government reinsurance guarantee shall be to the legal entity.

Part 4

Refund

10.-(1) Refund to the Danish government of the amount paid from the government reinsurance guarantee shall be in accordance with section 11.

(2) The amount to be repaid to the government shall be deducted from the sum of the annual risk premiums paid by the legal entity, cf. section 6(1), to the Danish government plus the average government interest. Interest shall be added at the end of each calendar year.

(3) Refund shall be with interest corresponding to the average government interest. Interest shall be added at the end of each calendar year.

11.-(1) Policyholders with insurance, which covers buildings, contents, including business interruption losses, fully comprehensive insurance for railway rolling stock, fully comprehensive motor insurance, or hull insurance for ships, in Denmark shall contribute to refunding the amount paid from the government reinsurance guarantee.

(2) This refund shall be by an annual charge on the policy amounting to 5 per cent of the amount of the insurance premium.

Part 5

Entry into force etc.

12. The Minister for Economic and Business Affairs shall lay down the date for entry into force of this Act.

13.-(1) This Act shall not extend to the Faeroe Islands and Greenland.

(2) This Act may by Royal Decree be extended fully or in part to Greenland subject to such modifications as circumstances peculiar to Greenland may require.

Christiansborg Slot, 17 June 2008

Under our Royal Hand and Seal

MARGRETHE R.

/ Bendt Bendtsen