


ACT no. 469 of 17 June 2008 In force
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Ministry of Economic and Business Affairs
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Act on a terrorism insurance scheme for general insurance companies

BE IT KNOWN that We, Margrethe the Second, by the Grace of God, Queen of Denmark, do hereby proclaim:

The Folketing has enacted, and We have given Our Royal Assent to the following Act:

Part 1

Scope of the Act

Section 1. A terrorism insurance scheme is hereby established.

Section 2.-(1) The Act applies to all direct general insurance companies having obtained authorisation from the Danish Financial Supervisory Authority to carry on insurance business and covering the risks mentioned in section 3.

(2) Branch offices in Denmark of general insurance companies authorised to write insurance in Denmark for the risks mentioned in section 3 with registered address in other member states of the European Union or countries with which the European Community has entered into agreements may participate in the terrorism insurance scheme.

(3) General insurance companies authorised to write insurance in Denmark for the risks mentioned in section 3 with registered address in other member states of the European Union or countries with which the European Community has entered into agreements may participate in the terrorism insurance scheme.

Section 3.-(1) The terrorism insurance scheme provides cover for nuclear, biological, chemical and radioactive (NBCR) terrorism risks to buildings and contents, including business interruption loss, as well as to railway rolling stock (accidental damage railway insurance), motor vehicles (accidental damage motor insurance) and ships (hull insurance) in Denmark.

Part 2

Participation, contribution duty and Terrorism Insurance Council

Section 4.-(1) The insurance companies mentioned in section 2(1) must participate in the terrorism insurance scheme and pay an annual risk premium to the Danish government in order for the reinsurance guarantee to become available.

(2) The foreign insurance companies mentioned in sections 2(2) and 2(3) that participate in the scheme must, likewise, pay an annual risk premium to the Danish government in order for the reinsurance guarantee to become available.

Section 5.-(1) The limit for when the reinsurance guarantee comes into force will be determined annually by the Minister for Economic and Business Affairs following recommendations from the Terrorism Insurance Council, cf. section 7.

(2) At the commencement of the scheme, the annual risk premium to the Danish government, cf. sections 4(1) and 4(2), is 0.15% of the reinsurance guarantee.

(3) The Minister for Economic and Business Affairs may change the annual risk premium to the Danish government if the EU Commission finds that another risk premium should be used as calculation basis.

Section 6.-(1) The general insurance companies participating in the terrorism insurance scheme, cf. sections 4(1) and 4(2), must establish a central legal entity. The legal entity is to administer premium payments to the Danish government, claims payments to the participants and repayments to the Danish government; cf. Part 4. The legal entity may request the scheme participants to submit all information relevant to its activities.

(2) The Minister for Economic and Business Affairs will lay down specific rules for the legal entity's administration, presentation of financial statements and audit of premium payments to the government and the government insurance guarantee.

(3) The legal entity may organise itself in a claims distribution pool, in which expenses to covered claims, payable by a single insurance company, are distributed to all the participating insurance companies covering the risks mentioned in section 3.

Section 7.-(1) The Minister for Economic and Business Affairs sets up a Terrorism Insurance Council consisting of representatives of the Ministry of Finance, the Ministry of Economic and Business Affairs, the Financial Supervisory Authority as well as the legal entity; cf. section 6(1).

(2) The Minister for Economic and Business Affairs will lay down specific rules for the composition and tasks of and appointment of members to the Terrorism Insurance Council.

Part 3

Cover under the government reinsurance guarantee and notification of claims

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

(2) The reinsurance guarantee amounts to DKK 15 billion annually.

Section 9.-(1) Claims for compensation in excess of the limit determined pursuant to section 5(1) must be notified by the legal entity, cf. section 6(1), to the Minister for Economic and Business Affairs.

(2) The government reinsurance guarantee will effect payment to the legal entity.

Part 4

Repayment

Section 10.-(1) Amounts paid from the government reinsurance guarantee will be repaid to the Danish government pursuant to section 11.

(2) The amount repayable to the government will be deducted from the sum of the annual risk premiums paid to the Danish government by the legal entity, cf. section 6(1), and the average government yield will be added. Interest accrues at the end of each calendar year.

(3) Repayment accrues interest equal to the average government yield. Interest accrues at the end of each calendar year.

Section 11.-(1) Policyholders holding a policy covering buildings, contents, including business interruption loss, accidental damage railway insurance, accidental damage motor insurance or hull insurance in Denmark must contribute to the repayment of amounts paid from the government reinsurance guarantee.

(2) This repayment is made through an annual policy charge amounting to 5% of the insurance premium.

Part 5

Commencement provisions, etc.

Section 12. The Minister for Economic and Business Affairs determines the commencement date of this Act.

Section 13.-(1) This Act will not extend to the Faroe Islands and Greenland.

(2) This Act may, by Royal Decree, be made effective in full or in part for Greenland subject to such deviations as are dictated by the special circumstances of Greenland.

Given at Christiansborg Palace on 17 June 2008

MARGRETHE R.

/ Bendt Bendtsen

Nederst på formularen