

Agency Bulletin

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Cover for Communicable Diseases

Property and Liability Covers

The Insurance Commission of Western Australia (Insurance Commission) purchases reinsurance from the international reinsurance market to protect the RiskCover Fund (RiskCover) against catastrophic events or major losses that might affect its viability.

The Insurance Commission recently renewed its reinsurance program for the 2020-21 period. This year, reinsurers imposed a number of cover restrictions, the most significant of which is an exclusion for communicable diseases. Reinsurers are no longer providing cover for communicable diseases under RiskCover's Property and Liability reinsurance programs. The exclusions are very broad and exclude any loss, including pandemic type losses, associated with a communicable disease.

Agencies were informed of the communicable disease exclusion applied to their covers in July 2020, in a letter accompanying agencies' cover renewal documents. The advice was provided as soon as practicable following the finalisation of reinsurance renewals on 30 June 2020.

A similar change was made to agencies' business interruption cover in 2011 following the SARS pandemic. As was the case then, the intention of excluding communicable disease cover was to protect the viability of the RiskCover Fund from potentially catastrophic pandemic related losses in the absence of reinsurance protection.

The Insurance Commission has subsequently reviewed its position and will now provide agencies Property and Liability cover for non-pandemic type communicable disease claims for a combined total amount of \$20 million per occurrence. A single loss/incident involving both Property and Liability claims is restricted to \$20 million per occurrence.

This change is effective from 30 June 2020. Details of the extended cover will be provided to your agency's designated insurance management contact.

The Insurance Commission is monitoring the reinsurance/insurance market for suitable and affordable new insurance products that might cover pandemic type losses in the future.

Workers' Compensation and Travel Cover

There is no change to the Workers' Compensation and Travel covers provided to Public Sector workers. In particular, all Public Sector workers continue to be covered as they always have been and any worker contracting COVID-19 through their work will be covered for Workers' Compensation.

Key Points

- **Reinsurers impose exclusion for communicable diseases.**
- **Communicable disease exclusion applies only to Property and Liability covers.**
- **Exclusion does not apply to Workers' Compensation or other covers.**
- **Agencies now have cover for a combined total amount of \$20 million per occurrence for non-pandemic type Property and Liability claims.**



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