

MANDATORY TERRORISM COVERAGE IN BELGIUM

Terrorism is a global issue that requires a national response. Belgium took a stand recently by issuing local insurance requirements. Effective May 1, 2008, the Belgian government imposed mandatory insurance coverage for terrorism risks to be provided by all insurers for most of the insurance policies on the Belgian market.



THE LAW

1. Provides a broad definition of the term *terrorism*
2. Is applicable to Belgian risks defined as risks involving Belgian residents, assets located in Belgium, or vehicles registered in Belgium
3. Mandates terrorism coverage for all insurance policies covering Belgian risks, unless the terrorism coverage is excluded in an explicit and precise way. However, terrorism coverage cannot be excluded for the following classes of insurance:
 - Belgian Workers' Compensation
 - Motor Liability
 - Strict liability in case of fire and explosion
 - Property damage insurance for simple risks
 - Life insurance
 - Accident and illness insurance

4. Is not applicable to the following types of insurance
 - Property and third-party liability for trains, airplanes, rolling stock and ships
 - Property and liability for nuclear plants
 - Policies only covering the risk of terrorism
 - The theoretical surrender value in Life insurances
5. Provides the possibility for insurers to exclude damage caused by nuclear terrorism, even for the unexcludable classes mentioned above

LIMITS AVAILABLE

The law has also created an insurance pool, Terrorism Reinsurance and Insurance Pool (TRIP), and invited insurers and reinsurers to join. Insurers and reinsurers in the pool will be able to participate in offerings with total limits of €1 billion per year, according to the following scheme.

- Direct insurance market: € 300.000.000
- Reinsurance market: € 400.000.000
- Belgian government: € 300.000.000

Insurers who have not joined the TRIP Pool will have to offer terrorism coverage according to the new legislation, but without the above mentioned limit of €1 billion. The list of insurers that have joined TRIP can be found on their [website](#).

MULTINATIONALS WITH OPERATIONS IN BELGIUM

- At this stage, no premium increase is likely.
- For policies that were already in place prior to May 1, 2008, the terrorism coverage will be mandatory as of the next annual renewal date, but can be added mid-term if requested by the insured.
- Policies issued after May 1, 2008 will have to provide this terrorism coverage immediately.
- We strongly advise multinational corporations operating in Belgium to review their policies placed under the Freedom of Services agreement in the EU or with a non-admitted insurer in order to avoid gaps or overlaps of coverage.

CONTACT

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