



Insurance Duty: Apportionment of General Insurance Premiums

Duties Act 2008

As at 1 April 2019

All Australian jurisdictions have agreed to adopt the same basis of apportionment of premiums where there is likelihood that a nexus to the contract of insurance could be established in more than one jurisdiction.

The attached schedule details the basis upon which the premium paid or payable on policies of insurance is to be apportioned for insurance duty purposes.

The Commissioners of all Australian States and Territories have approved the schedule for application in their jurisdictions, and it also has the full endorsement of the Insurance Council of Australia for use by their members.

Basis of apportionment

Insurance duty is imposed by Chapter 4 of the *Duties Act 2008* on premiums paid for contracts of insurance, which are contracts that effect general insurance.

Where the insurance also relates to:

- property or risk outside Australia (offshore) or
- property or risk in another Australian State or Territory,

the amount of the premium that is attributable to general insurance is determined by apportioning the premium in accordance with the schedule below.

Notes to the apportionment schedule

Where alternative methods are available, the method of apportionment adopted should be based on the method of calculating the insurance premium. For example, where the premium for a public liability contract is based on floor area units, insurance duty should be apportioned in the same manner.

For the purpose of private motor vehicle insurance, the apportionment will be based on the State of registration. However, where the vehicle is usually garaged in another jurisdiction, the garaging address will take precedence.

Apportionment schedule

Type of insurance	Basis of apportionment
Aviation Hull Aviation Hull Third Party Property Liability Aviation Hull Personal Liability	<p>Where the aircraft, the subject of the insurance, is a high capacity regular public transport aircraft - apportioned on the basis of actual take-offs and landings in the previous year in each jurisdiction of all aircraft covered by the contract.</p> <p>Where the aircraft, the subject of the insurance, is other than a high capacity regular public transport aircraft - jurisdiction of usual hanging of the insured property or location of the insured property.</p> <p>Notes</p> <ol style="list-style-type: none"> 1. The basis of apportionment will also apply whenever the insured company or any of its subsidiaries operate High Capacity Regular Public Transport Aircraft and Low Capacity Regular Public Transport Aircraft in Australia. 2. For the purposes of this Apportionment Schedule, High Capacity Regular Public Transport Aircraft means a regular public transport aircraft whose certificate type approval permits the aircraft: <ol style="list-style-type: none"> (a) to have a maximum seating capacity of more than 38 seats OR (b) to carry a maximum pay load of more than 4,200 kilograms <p>NB This definition is contained in regulations made under the <i>Civil Aviation Act 1988</i> (Statutory Rule 294 of 1994)</p>
Baggage	See travel
Bankers Blanket Policy	Apportioned according to the individual policy types outlined in this schedule
Blood Stock	State of (usual) location of the asset
Boiler Explosion	Asset value/sum insured or exposure level for each jurisdiction
Burglary	Asset value/sum insured or exposure for each jurisdiction
Business Interruption	Reasonably estimated profit revenue, fees, rent or other business measurement factor
Care Custody and Control of Blood Stock	State of (usual) location of the asset
Cash in Transit	Number of premises Asset value/sum insured or exposure level for each jurisdiction
Company Reimbursement	Salaries and wages, number of people/employees

Type of insurance	Basis of apportionment
Comprehensive Crime Contract of Insurance	Salaries, wages, number of people/employees
Contract Works	Asset value/sum insured or exposure level for each jurisdiction
Contractor Risks	Asset value/sum insured or exposure level for each jurisdiction
Crop	Asset value/sum insured or exposure level for each jurisdiction
Deterioration of Stock	Asset value/sum insured or exposure level for each jurisdiction
Disability – single	Place of residence of the insured/place of registration of business
Disability – group	Place of residence of the insured/place of registration of business
Directors and Officers Liability	Turnover or sales or number of people
Fidelity Guarantee	Salaries and wages or number of people
Fire	Asset value/sum insured or exposure level for each jurisdiction
General Property	Asset value/sum insured or exposure level for each jurisdiction
Home Building and Contents	Asset value/sum insured or exposure level for each jurisdiction
Industrial Special Risk Section - 1 Property	Asset value/sum insured or exposure level for each jurisdiction
Industrial Special Risk Section – 2 Consequential Loss	Reasonably estimated profit revenue, fees, rent or other business measurement factor
Legal Expense Insurance	Salaries and wages or number of people
Livestock	State of (usual) location of asset
Loss of Profits	Reasonably estimated profit revenue, fees, rent or other business measurement factor
Machinery Breakdown (including computers and engineering)	Asset value/sum insured or limit of liability declared in each jurisdiction
Marine – Builders Risk	Asset value/sum insured or exposure level for each jurisdiction
Marine – Carrier's Legal Liability – Coastal and International Shipping	Predominant location
Marine – Charterer's Liability – Coastal and International Shipping	Predominant location

Type of insurance	Basis of apportionment
Marine – Hull Liability – Coastal and International Shipping	<p>Predominant location</p> <p>Notes</p> <p>The apportionment for coastal and international shipping is determined, regardless of the GMT of the vessel, based on the ‘predominant location’ of the vessel as defined below:</p> <p>(a) On the basis that most vessels will operate from their port of registration, the predominant location should be taken to be that port, subject to (b)</p> <p>(b) If it is disclosed to the insurer at the time the contract is commenced, effected or renewed that the vessel will operate out of another port for the majority of the insurance year, then that other port will be taken to be its predominant location for that insurance year. If a vessel is intended to operate out of a number of ports in an insurance year and none of those periods is for the majority of the year, the port of registration will be taken to be the predominant location for that insurance year.</p> <p>NB Section 24 of the <i>Marine Insurance Act 1909</i> (Cth) requires the insured to inform the insurer of every material circumstance known by the insured at the time insurance is obtained.</p>
Marine Private Pleasure	Place of registration or place of residence of the insured
Money	<p>Number of Premises</p> <p>Asset value/sum insured or exposure level for each jurisdiction</p>
Mortgage Insurance	Apportionment is based on the location of the property secured. If the security consists of two or more properties that are located in different jurisdictions, the apportionment will be based on a value basis
Motor Vehicle (private use) and/or Extended Warranty Insurance for Private Use Vehicles	Apportionment based on normal place of garaging of the vehicle
Motor Vehicle and/or Extended Warranty - Commercial	Place of registration or deemed registration
Motor Vehicle and/or Extended Warranty - Fed. Interstate	Place of registration or deemed registration
Motor Vehicle and/or Extended Warranty - Unregistered	Place of (usual) location of asset-garaging
Occupational (professional indemnity)	<p>Salaries, wages, number of people/employees</p> <p>Estimated profit, fees, rent, revenue etc</p>

Type of insurance	Basis of apportionment
Personal Accident and Illness – group	Place of residence of the insured/place of registration of business
Personal Accident and Illness – single	Place of residence of the insured person/place of registration of business
Personal Liability	State of registration of business or place of residence of the person insured
Personal Property	Asset value/sum insured or exposure level for each jurisdiction
Pluvius	Asset value/sum insured or limit of liability declared in each jurisdiction
Public Liability or Product Liability or Broadform	Salaries, wages, number of people/employees Turnover or Sales Number of premises Floor area units or rent by State of risk. Number of members of the organisation in each jurisdiction
Railway - Property	Proportion of kilometres travelled by the rolling stock in each jurisdiction in the previous year
Railway - Public Liability	Proportion of kilometres travelled by the rolling stock in each jurisdiction in the previous year
Sprinkler Leakage	Asset value/sum insured or exposure level for each jurisdiction
Strata Unit	Asset value/sum insured or exposure level for each jurisdiction
Title Insurance	Location of the property
Trade Credit	Turnover or sales
Travel (inbound to Australia) – includes baggage	<p>Duty payable on 90% of premium received. State of intended stay where indicated by policyholder. If not indicated, location where the insurance company arranged the insurance (e.g. retail outlet, call centre, internet processing centre).</p> <p>Note</p> <p>Should an insurance company disagree with this basis of apportionment they may apply to the Commissioner for apportionment on another basis. Where an insurance company elects to apportion duty on some other basis that method of apportionment must be applied consistently across all jurisdictions.</p>

Travel (outbound from Australia) – includes baggage	<p>Duty payable on 10% of premium received. State of Registration of Business (where the insured is not a natural person) or place of residence of the person insured.</p> <p>Note</p> <p>Should an insurance company disagree with this basis of apportionment they may apply to the Commissioner for apportionment on another basis. Where an insurance company elects to apportion duty on some other basis that method of apportionment must be applied consistently across all jurisdictions.</p>
Travel (within Australia)	Place of residence of the person insured or state of registration of the business (where the insured is not a natural person).

Contact RevenueWA

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Note: This fact sheet provides guidance only. Refer to the *Duties Act 2008* for complete details.