

A FOCUS ON TERRORISM RISK REINSURANCE

Steve Atkins
Chief Executive

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Pool Re – Key Features

- Enables insurers to include, within the commercial property policies they issue, cover against losses from damage caused to commercial property by Acts of Terrorism
- A private mutual reinsurer, with solvency assured by contract with Government
- Covers damage to commercial property in Great Britain and consequential business interruption

Pool Re Scheme Arrangements

- Covers damage to property and BI for Great Britain (excluding Northern Ireland) located property
- Members agree to provide cover to their policyholders when requested to do so
- A private mutual reinsurance company owned by its cedants

Pool Re Scheme Arrangements

- Has an unlimited retrocession cover with HM Government, though with payback provisions should drawings be made
- Membership available to all properly authorised insurers covering relevant risks
- Covers commercial property including residential property in commercial ownership
- A link with underlying General Cover, particularly as regards policy limits and terms and conditions
- A “no adverse selection” principle

Definition

Act of Terrorism means:

An act of any person acting on behalf of or in connection with any organisation which carries out activities directed towards the overthrowing or influencing of any government by force or violence

Excluded Losses

- Pool Re does not cover:
 - war and related losses
 - damage to computer systems by viruses, hacking etc
- But there are no exclusions applying to chemical, biological or nuclear causes

Choice & Competition

- Insurers may choose to join Pool Re or not
- Policyholders may choose to buy terrorism cover or not
- But - insurers must be wholly “in” or “out”. They cannot select particular risks
 - insurers can only provide terrorism cover in conjunction with a conventional property policy
 - policyholders must insure all of their property or none
- Rules are designed to be no more restrictive than necessary to encourage diversification among the properties covered and adequate premium volume to the scheme

In Summary

- Aims of terrorist not limited - covers acts where those involved seeking to influence Government for whatever cause
- Ensures that Terrorism Cover is available at reasonable cost
- Cover provided by Pool Re Members is very wide
- Ability to pay guaranteed by Government
- Can offer cover for full insured value regardless of how large the exposure is