



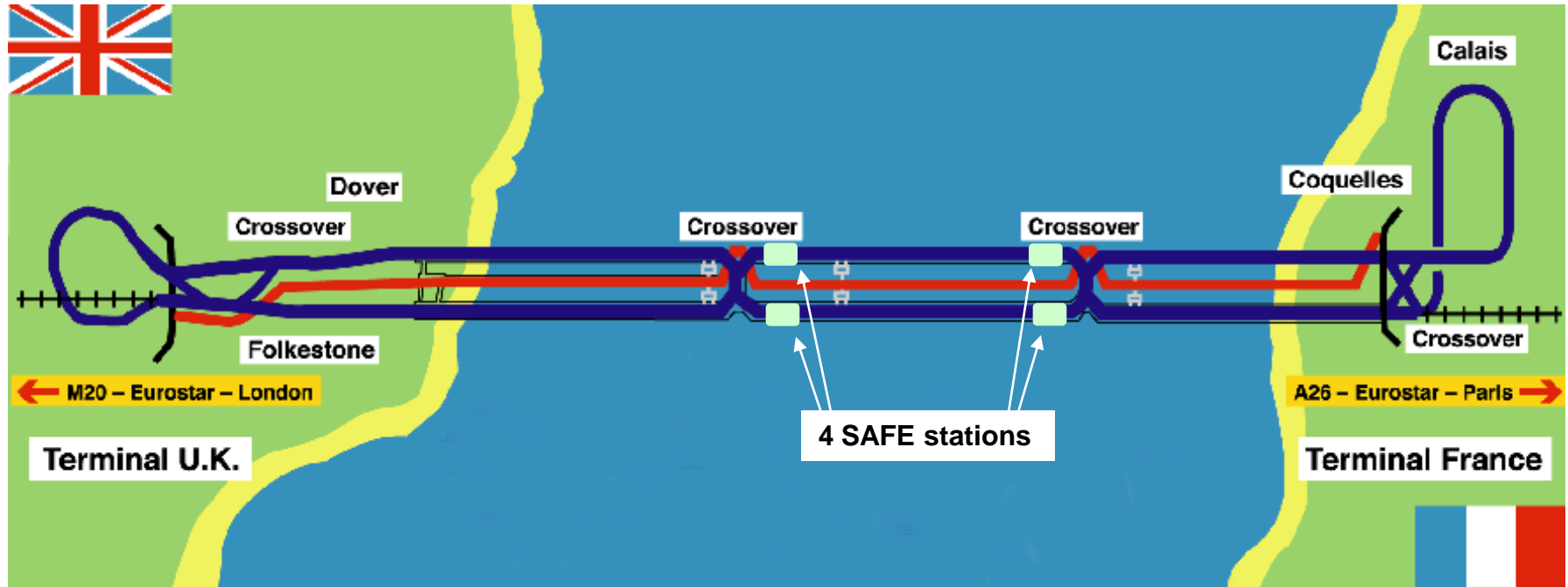
**5th December
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**OECD Conference
Terrorism Risk &
Insurance**

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The Channel Tunnel

A vital infrastructure link between UK & France



- **Concession to maintain & operate Channel Tunnel until 2086.**
- **Tunnel has unique design with service tunnel for safety, maintenance**
- **2 cross-overs enable passage of trains from one rail tunnel to the other**
- **€21m investment to protect tunnel infrastructure with 4 SAFE stations completed 2011**

Eurotunnel

An operational success with strong outlook



2011 Traffic Volumes:

- 1.3m trucks carried on Truck Shuttles, equiv. of 16m tonnes of goods
- 2.3m cars & 56k coaches carried on Le Shuttle carrying 8m passengers
- Eurostar carried nearly 10m passengers through tunnel between London & Paris / Brussels

- More than 300 million passengers transported through the Channel Tunnel since 1994



Eurotunnel – risk management

Investment in protection and security

- **From the start of the project Eurotunnel has allocated significant means to the physical protection of the site. These means were significantly increased from 2000.**
- **Over the last 6 years Eurotunnel has invested significant amount in capex and ongoing annual operating costs.**
- **In particular :**
 - **New access system**
 - **Military base**
 - **Infra-red barriers**
 - **Bagagix**
 - **Systems to detect explosives**
 - **Fencing renovation.**
- **In the case of increased threats the number of security agents on site is increased.**

Eurotunnel – risk management

Terrorism insurance

- **Critical infrastructure and single asset with high visibility – need for terrorism insurance cover to fully mitigate financial loss**
- **Assets / revenue split 50:50 between UK and France**
- **Group currently has a €900m property damage & business interruption program (“PDBI”) which includes cover for terrorism including NBCR with;**
 - » **UK property terrorism insurance placed through single purpose captive based in Guernsey which is reinsured directly with PoolRe, minimal deductible**
 - » **PDBI insurers all members of GAREAT and French property terrorism insurance cover therefore reinsured with GAREAT, deductibles follow property programme (up to €10m)**

Eurotunnel- risk management

Terrorism insurance challenges faced

- **Cover follows property damage placement for assets and limits**
 - » **Scenario modelling difficult**
 - » **Group has had experience of 2 significant incidents in tunnel (non terrorism related) – 2008 fire resulted in a 50% increase in French terrorism insurance premium**
 - » **Issues faced with need for insurers needing to be members of GAREAT**
- **No alternative market readily available**
 - » **Lack of transparency (premiums, provisions, strategy)**
 - » **Significant premiums have been paid to date but no benefit to insured despite low / no claims**
 - » **No benefit given for investment made in security, not usual risk sharing approach to insurance**
 - » **Differences in premium paid for similar risk between UK & France with no difference in coverage**