OECD INTERNATIONAL PLATFORM ON TERRORISM RISK INSURANCE

FRANCE — TERRORISM RISK INSURANCE PROGRAMME

Large Risks Programmes: Total Sum insured ≥ €20 million.

Name of Programme	**CCR Large Risk Unlimited Reinsurance Treaty**. CCR (Caisse Centrale de Réassurance), the reinsurance company of the French State established in 1946, backed by the French State, provides an Unlimited Cover to GAREAT. **GAREAT Large Risk Reinsurance Scheme.** **GAREAT**(Gestion de l'Assurance et de la Réassurance des Risques Attentats et Actes de Terrorisme) is a co-reinsurance pool, mandated by its members, the French or Foreign Insurance companies authorized to operate in the French market, to provide them with co-reinsurance solutions for their Large Risk book of business.
Date of Establishment	January 1st 2002
Mandatory	For Insurance Companies which are members of the FFSA and the GEMA, and for Insurance companies non-members of the FFSA and non-members of the GEMA which want to benefit from the Unlimited Treaty of the CCR.
Basic Structure	**CCR Unlimited Treaty**: threshold €2.48 billion *(in 2016).* Trigger subject to the exhaustion of GAREAT underlying reinsurance programme. Scope of cover: the perimeter of Article L 126 – 2 of The French Code des Assurances. **GAREAT Large Risk Section** reinsurance programme unlimited from ground up in respect of losses relevant of the perimeter of the Article L 126 – 2 of The French Code des Assurances. The scope of GAREAT is broader than the scope of the CCR treaty so the portion of losses not covered by the CCR Unlimited Treaty, after the exhaustion of GAREAT private reinsurance programme falls back into the co-reinsurance layer mutualized between the members.

Small and Medium - Sized Risks Programmes: Total Sum Insured < €20 million.

Name of programme	**CCR Small and Medium – Sized Unlimited Covers**. CCR backed with the unlimited guarantee for terrorism of the French State offers unlimited treaties in excess of a minimum of €20 million per company or group of French or Foreign insurance companies authorized to operate in France, be they members or non-members of GAREAT, FFSA or GEMA. **GAREAT Small and Medium – Sized risk Section** The scope of GAREAT reinsurance programme is broader than the scope of the CCR Unlimited Covers, so the losses not covered by the CCR fall back into the co-reinsurance layer retained by the members
Date of Establishment	January 1st 2005
Optional	Insurance companies may choose to be reinsured by CCR or GAREAT or find other individual solutions on the worldwide reinsurance market
Basic Structure	**CCR** offers unlimited covers to any companies: minimum threshold €20 million per company or group of companies. Scope of coverage as per Article L 126-2 of the French Insurance Code. **CCR** unlimited covers given to the members of GAREAT are covers which benefit to the reinsurance programme of GAREAT. • Trigger: minimum threshold €20 million per company or group of companies which are members of GAREAT. **GAREAT:** limit of the private reinsurance coverage from ground up: €427 million (*2016*) for a market share estimated at 11% (*2016)*

Coverage of French citizen’s victims of terrorism

Name of Programme	**FGTI** (Fonds de garantie des victimes des actes de terrorisme et d’autres infractions)
Date of Establishment	1986
Scope	Anywhere in the world
Basic Structure	Funds

FRANCE- Property terrorism insurance programmes

General

Definition of an Act of Terrorism

No French government declaration is required for an act to be recognized as a “terrorist act” for the purpose of the scheme, but provided an event meets the definition in the French Criminal Code all types of terrorism (regional, national and international) in any form (including nuclear, chemical and biological risks) are covered for all French property risks.

Today’s schemes are the outcome of a development marked by several important measures.

Insurance of terrorism: mandatory
Since September 1986, the French law made the insurance of terrorism mandatory, in respect of terrorism acts sustained in French territory or in the Overseas French Departments, this affect most non-life lines of business except for marine, aviation and cyber risks and third-party liability.

Insurance premium rates charged by the carriers to the policyholders for terrorism risks are free.

Creation of the Terrorism Reinsurance Property Schemes Post 2001.
The French property schemes created post 2001 provide unlimited reinsurance coverage to the insurance companies from the ground up. The schemes apply distinctly to *Large Risks* which are defined as risks with TSI (total sum insured) ≥ €20 million since 2010 (up from €6 million originally) and to *Small and Medium - Sized risks* with TSI < €20 million since 2010 (up from < €6 million originally).

Motor business: waiver of recourse
On 19 December 2001 a Waiver of Recourse Agreement concerning motor insurance business was signed with the FFSA (*Fédération Française des Sociétés d’Assurances*) and with the GEMA (*Groupement des Entreprises Mutuelles de l’Assurance*) in respect of the “Large Risks” section. Nonetheless, the undertaking to waive recourse is binding on all members of the “Large Risks” and “Small and Medium-sized Risks” sections, be they members of the FFSA or of GEMA or not. When a land vehicle is used in the perpetration of an act of terrorism, members who, in application of contracts ceded to *GAREAT*, have indemnifiable victims — in respect of physical damage or interruption of business — waive all rights of subrogation against the insurer and owner of the vehicle concerned, which they might otherwise enjoy.

2006 Inclusion of NBCR (Nuclear, Biological, Chemical, Radiological)
On 23 January 2006 the law amended the French Code des Assurances making NBCR mandatory. Property policies have to cover damage caused by terrorist acts (even if the cause originates outside France) and damage caused by the use of Nuclear, Biological, Chemical and Radiological device.

Unlimited guarantee for terrorism of the French State. CCR
In 2013, the unlimited guarantee for terrorism of the French State, in force since January 2002 has been renewed for 5 year until December 31st 2017. The next renewal being effective at January 1st 2018. CCR backed by the French State gives unlimited reinsurance covers for terrorism.

2016 Large Risks Programmes : Total Sum insured ≥ €20 million

History and Purpose

The property reinsurance French Large Risk scheme has been established in the aftermath of the September 11, 2001, terrorist attack in the United States and the threat posed by the explosion at the AZF plant ten days later in Toulouse, France.

At that time, reinsurance capacity worldwide was very limited, because insurers had already shifted a major part of their risks to reinsurers. Insurers — and consequently insured parties — were faced with inadequate reinsurance coverage for terrorism risks.

The schemes are reinsurance schemes which have been elaborated and founded by many segments of the French market including insurance companies, insurance mutual companies, insurance captives of large industrial groups, reinsurers including CCR, the FFSA, the GEMA and, the French State. The schemes were set up extremely rapidly as they were operational on January the 1st 2002.

CCR Unlimited Large Risks Treaty: available since January 1st 2002**.**

Since January 1st 2002 the CCR Unlimited Treaty has been covering globally all the members of the - Large Risks section of GAREAT.

Form of Reinsurance

The form of the Unlimited Treaty is an annual aggregate excess of losses activated by all the terrorism claims of the companies (members of GAREAT) which occur during one given year from January 1st through December 31st

The scope of CCR treaty is to reinsure damages covered by the compulsory coverage stipulated in Article L126-2 and R 126-2 of French Code des Assurances *(Insurance Code*).

Major exclusions:

- The insurance contracts and/or damage that do not fall within the scope of the compulsory coverage set forth in Article L 126-2 of the French Insurance Code, as well as insurance contracts and/or damage excluded from Article L 126-2 of said Code;
- Bodily injury;
- Losses and damage caused by foreign and civil wars, strikes, riots, public unrest, malicious acts, sabotage, vandalism or villainous acts;
- The financial consequences in the liability, of any kind, of the insured (excluding tenant’s risks, recourse of neighbours and third parties), including the liability of the transporter when travelling by land motor vehicle, railway, air, space, sea, lake and river.
- Business interruption losses abroad;
- Business interruption losses non-consecutive to direct property damage sustained in France or non-consecutive to damage covered;
- Non-consecutive consequential loss;
- Theft, looting, or fraud subsequent to an attack or act of terrorism;
- Small and Medium-sized risks;
- Railway Vehicles;
- French Polynesia, New Caledonia.

The level of the trigger (State decision) of the Unlimited Treaty is €2.48 billion in 2016. If there are no major losses which could impact the structure of the present system, the trigger will be raised by an additional €60 million each year until the next renewal of 2018: €2.54 billion (2017).

Before 2016, the triggers were: € 2.42 billion (2015), €2.36 billion (2014),€2.3 billion (2013), €2 billion (2012, 2011, 2010) €2.2 billion (2009,2008, 2007), €2 billion (2006, 2005, 2004,) €1.75 billion (2003) and €1.5 billion (2002).

Activation of the trigger: the Unlimited Treaty of CCR, to be activated is subject to the full exhaustion of the private underlying reinsurance programme of GAREAT by claims relevant of the scope of the Article L 126-.2 of the French Code des Assurances.

Reinsurance premium:
CCR charges a premium which could be revised every year if both the sum insured and the number of new risks with individual sum insured above €150 million ceded to GAREAT were increasing substantially as from January 1st 2013, the year of reference.

GAREAT Large Risk Section: operational since January 1st 2002

Participation in the "Large Risks" section of *GAREAT* is obligatory for insurance companies that are members of the *FFSA* and mutual insurers in the *GEMA* as well as for those wishing to benefit from the CCR Unlimited Treaty.

GAREAT is mandated by its members, the insurance companies to manage the insurance and reinsurance aspects of Property Damage and Consequential Loss caused by terrorist acts sustained in French territory or in the Overseas French Departments excluding Life, Health, Accident, Aviation and Marine lines of business.

In 2016 *GAREAT* federates 220 members, including 8 insurance captive companies of large corporations (which have direct membership) and 91 Lloyd's Syndicates with which *GAREAT* deals through their representation office in Paris.

The members belong to insurance groups from 17 different countries: USA, Bermuda, Australia, Austria, Lichtenstein, Japan, Belgium, France, Germany, Gibraltar, Great Britain, Italy, the Netherlands, Portugal, Sweden, Spain and Switzerland.

GAREAT is based on the "mutualisation" principle: its members share the risks "from the ground up" under the first co-reinsurance layer, which they retain.

The joint and several liabilities of members in a given section led *GAREAT* to impose strict solvency rules on reinsurers and members wishing to participate in reinsurance programmes — in order to protect the credit risk pertaining to members; for the same reason, retrocession by members or reinsurers of their shares in *GAREAT* is forbidden.

The scope of the reinsurance programme of *GAREAT* is broader than the Unlimited Treaty of CCR as it covers contingent business interruption, interdependency, railway vehicles, French Polynesia, New Caledonia.

To eliminate the danger of risk de-selection, which would be detrimental to the "mutualisation" principle, members have to cede risk by risk their entire book of business relevant of the scope of coverage of *GAREAT*.

Initially *GAREAT* applied to large risks with insured values equal or above €6 million. It is in 2010 at the insurance market request, that the threshold was increased to €20 million. The exclusion from the Large Risks Section of those risks between €6 million and below €20 million had an impact on the trigger of the Unlimited CCR Treaty which then was lowered to €2 billion to reflect the reduction of exposure.

GAREAT's premium rates are *reinsurance rates* different from the free insurance rates charged by the insurance companies. *GAREAT* reinsurance rates depend upon the sum insured of each risk ceded (with the exception of the premium on nuclear risks, which is 24% regardless of the sums insured). *GAREAT* rates apply to the property premium of the risks ceded individually to *GAREAT*.

As per Article R 126-2 of the French Insurance Code, insured's are authorized to reduce the limit of the terrorism coverage down to 20% of the limit of the fire policy subject to a minimum limit of €20 million; this option if chosen by the insured is under exclusive liability of the insurance company. This option allows a maximum reduction of 22.5% of the basic rate of 12% of segment B, and a maximum reduction of 30% of the basic rate of 18% (Segment C) *GAREAT* cannot refuse a member's request for such a reduction, although it does not recommend it as the insured might be underinsured in case of a major loss.

GAREAT LARGE RISK SECTION - REINSURANCE PREMIUM RATE

Categories	**Total sum insured**	***GAREAT* premium rates** **Applicable to the property damage premium of the risks**
B	≥ €20 000 000 - < €50 000 000	12%
C	≥ €50 000 000	18%
FB/ FC or D	Discount, reinsurance captives enjoying special rating, or exceptional tariffs	Special rating
D	Nuclear Risks	24%

The 2016 premium estimated income of *GAREAT* Large risk section is €210 million. At the close of the underwriting year, *GAREAT* being a non-funded Pool gives back to the members the residual premiums, after deduction of the cost of reinsurance, the cost of the CCR Unlimited Treaty, the claims, the management fees. The provision of equalizations for terrorism are constituted and kept by the members.

From the outset, the French Terrorism scheme *GAREAT* is designed as a public-private partnership
The reinsurance scheme of the Large Risk Section is structured as follow in 2016:

GAREAT **LARGE RISKS SECTION. 2016 REINSURANCE PROGRAMME**

Annual aggregate excess of losses

Losses occurring during 1st January 2016 through 31st December 2016

(currency : euros)

2 480 million	CCR unlimited Treaty Scope of coverage: Article L 126 -2 Code des Assurances Unlimited XS 2 480 million
500 million	1 980 billion euros capacity placed with Worldwide Reinsurers
	* Layer 1: 500 million Mutualized and retained by Members

* Limit might be larger if the portion of claims above €2,480 billion is not covered by the Unlimited Treaty of CCR as the portion of claims fall back into the Layer 1

The scheme operates on an excess basis

Layer	**Limit/Excess**
1st	€500 million in annual aggregate: *co-reinsurance provided by pool members (i.e. direct insurers, in proportion to their market share)*
2nd	€1 980 million in annual aggregate, excess of €500 million: *coverage provided by international reinsurance market*
3rd	*Unlimited protection in* excess of €2.480 billion *provided by CCR backed by French State guarantee.*

2016 Small and Medium - Sized Risks Property Schemes : Total Sum Insured < €20 million

Upon the request of the insurance market, in 2005 reinsurance terrorism schemes were set up for Small Risks with sums insured below €6 million.

All property lines and business interruption (industrial, commercial and personal lines) other than transport, aviation hull and marine hull above €1 million, life and accident and health are covered by the scheme.

Further changes were made on January 1st, 2010 when the threshold to the "Large Risks" was raised to €20 million. The risks with limits between €6 million and below €20 million (henceforth excluded from the "Large Risks" section) could be transferred to the "Small Risks "schemes, which were renamed "Small and Medium-sized Risks" schemes.

The schemes for the reinsurance of the Small and Medium - Sized Risks being optional, insurance companies operating on the French market, foreign or captive insurers, be they members or non-members of FFSA or GEMA, might choose to accept the risk themselves or may choose to seek reinsurance coverage outside the CCR or GAREAT schemes from any worldwide reinsurer .

CCR Unlimited Covers for the Small and Medium Sized Risks

As from 2005 CCR gives unlimited covers to any company operating in the French market upon their request as the covers are optional.

As from January 2013, the CCR Unlimited Treaties can apply to group of Companies, as the minimum trigger of the unlimited guarantee of the French State has been set at a minimum of €20 million, the grouping of the small companies together being necessary to reach the minimum trigger of €20 million.

Scope of cover

CCR Treaty reinsure damages covered by the compulsory coverage stipulated in article L126-2 and R 126-2 of French insurance code and within the limits of this articles, namely : direct material damage (including decontamination and clean-up costs) consequential losses as well as business interruption losses subsequent to this damage covered by an insurance contract covering fire damage to property or damage to the bodies of motor vehicles falling within categories 23, 24, 25 and 262 of the C4 Statement sent to the Autorité de Contrôle Prudentiel et de Résolution (ACPR) sustained on the Territory of the French Republic and caused by Attacks or Acts of Terrorism cited in Article L 126-2 of the French Insurance Code, and when the total sums insured of the aforementioned insurance contract (direct risks and business interruption losses exclusive of amounts covered under tenant's risk) are strictly less than €20 million.

Extension of optional coverage: the ceding company has the option to take out, at the latest when the coverage of this treaty is underwritten, an extension of said coverage that shall apply to all the following cases:

- to possibly other Insurance Contracts covering fire damage to property, which, although not falling within categories 23, 24, 25 and 262 of the C4 Statement sent to the ACPR, would enter into the scope of Article L 126-2 of the French Insurance Code, and the total insured sums of which (direct risks and business interruption losses) are strictly less than €20 million;
- to Insurance Contracts covering fire damage to property which cover damage sustained to the hull of maritime, lakeside or river vehicles used for recreational boating as well as to the hull of aircraft used for non-commercial activity, or non-profit-making purposes, when their

declared unit value in the contract is less than €1 million and provided that these vehicles do not fall under the “transportation” category of the C4 Statement sent to the Autorité de Contrôle Prudentiel et de Résolution (ACPR).

Main Exclusions:
The following principal exclusions apply:
- Life, accident and health insurance;
- Liability;
- Financial losses;
- Risks covered by marine, aviation and transport policies;
- War, strikes, riot and civil commotion;
- Other malicious acts, vandalism;
- Theft, looting or fraud following acts of terrorism.

Type of coverage: annual aggregate excess of loss reinsurance.

Calculation of the trigger of the Unlimited covers

The Calculation of the individual trigger of a company is the same since 2005: it is calculated by adding the following sums together (1+2+3):
1) 20% of the premium income relating to “property damage” (categories 24, 25 and 262 of the C4 Statement sent to the ACPR), of which the total amounts insured (direct risks and business interruption losses exclusive of the amounts covered under tenant’s risks for professional property) are strictly less than €6 million;
2) 50% of the premium income relating to “property damage” contracts (categories 24, 25 and 262 of the C4 Statement sent to the ACPR), of which the total amounts insured (direct risks and business interruption losses exclusive of the amounts covered under tenant’s risks for professional property) are greater than or equal to €6 million, and strictly less than €20 million;
3) 2% of the “motor vehicle contracts – other coverage” premium income: Category 23 of the C4 Statement sent to the ACPR

Minimum trigger
The minimum trigger of CCR Unlimited covers since 2013 is €20 million (State Requirement).

Reinsurance premium
Since 2010, the reinsurance premium is calculated by adding the following sums together (1+2+3+4+5):

For contracts where the total sums insured is greater than or equal to €6 million and strictly less than €20 million.
1. 1% of the premiums issued under the "Property Damage” category relating to these contracts (categories 24, 25 and 262 of the C4 Statement to the ACPR)

For contracts the total insured sums of which are strictly less than €6 million (corresponding to small risks)
2. 0.30% for premiums issued under the “Damage to Professional Property” category (exclusive of contract premiums corresponding to average risks or those ceded to GAREAT Large Risks section (direct risks and business interruption losses exclusive of sums covered under tenant’s risks)): Category 25 of the C4 Statement sent to the ACPR.

3. 0.20% for premiums issued under the "Property damage of private individuals" category: Category 24 of the C4 Statement Sent to the ACPR.

4. 0.15% for premiums issued under the "Farm property Damage" category: other contracts : Category 262 of the C4 Statement sent to the ACPR.

5. 0.03% of premiums issued in the "motor vehicle contracts – other coverage" category: Category 23 of the C4 Statement sent to the ACPR.

Reinsurance premium discount
Since 2013, discounts are applicable to the basic reinsurance premium rate of CCR : if the trigger of the company is under €20 million (minimum), a discount premium (between 5% to 50%) is accorded by CCR as below:

- Calculated priority < €5 Million : discount 50%
- Calculated priority ≥ €5 Million and < €10 Million : discount 25%
- Calculated priority ≥€10 Million and < €15 Million : discount 15%
- Calculated priority ≥€15 Million and < €20 Million : discount 5%

As from 2013 when several companies are grouped to reach the minimum trigger of the unlimited cover of €20 million, the above calculations apply to each of them.

***GAREAT* Small and Medium Sized Risk Section**

The reinsurance scheme of the Large Risk Section and of the Small and Medium Sized Risk Section of *GAREAT* are very similar. The major difference is the way the Unlimited covers of CCR applies.

For the same reasons as for the Large Risks Section, retrocession by members or reinsurers of their shares in *GAREAT* is forbidden.

The choice of Annual Aggregate Excess of Loss reinsurance allows members to precisely calculate their maximum annual terrorism loss and to evaluate the impact on their assets, unless a loss is caused by damage outside the scope of Article 126 -2 of the Insurance Code. In the latter case, the damages which are excluded from the unlimited treaties are covered by *GAREAT* and the portion above the limit of *GAREAT* reinsurance programme falls back into the scheme's retention.

Participation to the Small and Medium-sized risks section of *GAREAT* is optional; as such *GAREAT*'s market share is roughly 11% in 2016. It federates 99 members including 23 Lloyd's Syndicates and 1 insurance captive company. They are parts of insurance groups located mainly in 15 countries: Australia, Austria, Belgium, Bermuda, France, Germany, Great Britain, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Switzerland and the USA.

GAREAT premium for small and medium-sized risks is calculated for each company and the rates depend upon the sum insured and the line of business. The rates apply to the property premium of the business ceded to *GAREAT*. Calculated on these bases, the reinsurance premium of GAREAT is estimated at €19.3 million in 2016.

GAREAT Reinsurance premium of the Small and Medium-sized risk section

Categories of C4 statements or their equivalent	**GAREAT Small and Medium-sized Risk Section**	
	Sum insured < 6 million euros	**Sum insured ≥6million less than 20 million euros**
Category 23: "Motor excluding liability" Income	0.10%	3.50%
Category 24: Personal line risks	0.75%	3.50%
Category 25: Professional risks (where necessary, deduct the amount of the premiums ceded to the "Large Risks" sector)	1.20%	3.50%
Category 262: Agricultural risks	0.60%	3.50%
"Property Damage" premiums with no breakdown	1.20%	3.50%
Aviation: Light aircraft risks < €1 000 000	2.50%	Not applicable
Marine: Pleasure craft risks < €1 000 000	1.25%	Not applicable

GAREAT's premiums, therefore, fluctuate in line with the property damage premium charged by the insurance companies

GAREAT is a "non-profit" organisation, and as such at the close of each underwriting year *GAREAT* returns the residual premium to its members.

The Pool retains no equalization provisions, which are set up by each member individually.

Reinsurance scheme
The same reinsurance model has been maintained for both sections of GAREAT, based on Annual Aggregate Excess of Loss reinsurance programmes covering losses occurring between 1 January and 31 December of a given year.

In 2016 the 11 CCR unlimited agreements are protections to the reinsurance programme of GAREAT as in case of losses the unlimited covers are activated first. The portion of the losses above the trigger of the group is ceded to CCR, and the amount below is directed to GAREAT.

If losses do not reach the trigger of the group, the losses are totally taken up by GAREAT.

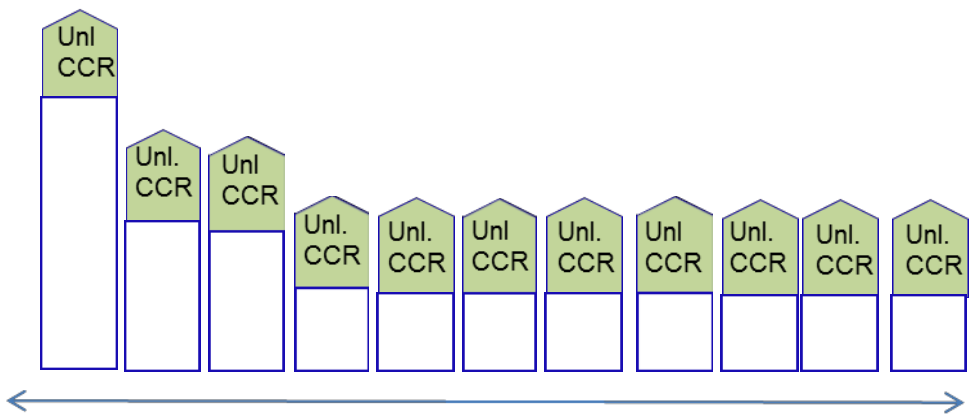
This mechanism in force since 2013 is beneficial to the members of GAREAT as they are sure that there is no gap of coverage from ground up. If the losses are not covered by CCR treaties they are covered by GAREAT. In order to ease the process, GAREAT is mandated by its members to negotiate their unlimited covers and by CCR to manage the unlimited covers with the members. Their Losses are taken from the ground up at the 1st euro.

The co-reinsurance layer, which is "mutualised" between all members of the same section, is followed by several reinsurance layers which are reinsured by worldwide reinsurers.

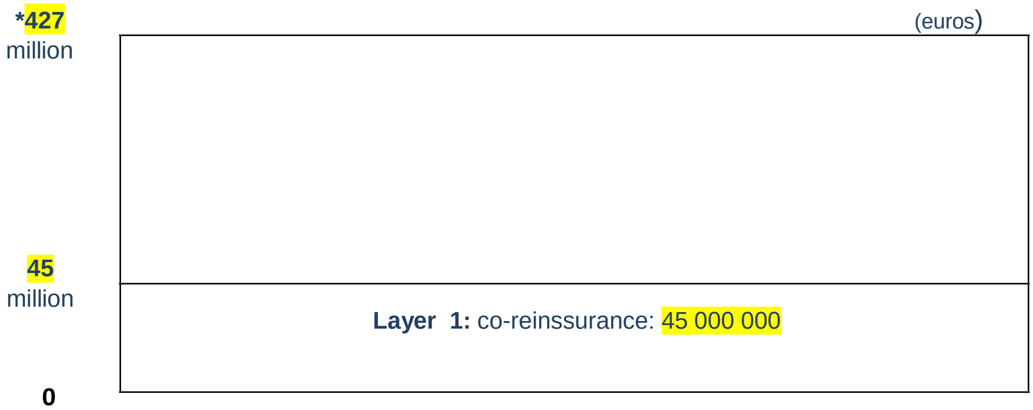
It shall be noted, however, that the scope of *GAREAT* coverage is broader than that granted by the *CCR*, which precisely follows the provisions of Article L 126-2 of the French Insurance Code. The risks excluded from the State-backed coverage – such as contingent business interruption insurance, interdependency risks, rolling stock, New Caledonia and French Polynesia - fall back into the *GAREAT*'s "mutualisation" layer.

GAREAT Small and Medium - sized Risks Reinsurance Scheme: 2016

CCR Unlimited Covers XS minimum 20 million euros per Group



11 groups. Unlimited trigger of each group > 20 million euros



In 2016 the limit of € 427 million of the annual aggregate excess of loss reinsurance programme is divided into 3 layers:

Layer 1: limit €45 million it is co-reinsured and mutualized between the members
Layer 2: €335million XS €45 million is reinsured by worldwide reinsurers
Layer 5: €47 million XS €380 million is retained by GAREAT members.

Period of Operation

The schemes have been in operation since 2002 and the current agreement with the French State, providing unlimited guarantee through the CCR is set to be renegotiated in January 2018.

To be mentioned that the part of the reinsurance programmes placed on the market has been placed on a two years basis, i.e. until 31st December 2017.

Main features

Layers of coverage	**CCR – Large Risks** Unlimited cover in excess of annual aggregate of €2.48 billion. **CCR – Small and Medium-sized Risks** Unlimited cover in excess of annual aggregate of €20 Million for each insurance or group of insurers. **GAREAT "Large Risks" section 2016** • **First** – €500 million in annual aggregate: co-reinsurance provided by pool members (i.e. direct insurers, in proportion to their market share). • **Second**– €1.980 billion in annual aggregate, excess of €500 million: coverage provided by international reinsurance market. • **Third** - Unlimited protection in excess of €2.480 billion provided by CCR backed by French State guarantee. **GAREAT Small and Medium-sized Risks section 2016** **First** – €45 million in annual aggregate: co-reinsurance provided by pool members (i.e. direct insurers, in proportion to their market share). • **Second** – €335 million in annual aggregate, excess of €45 million: coverage provided by international reinsurance market. • **Third** - €47 million in annual aggregate excess of €380 million coverage retained by *GAREAT* members.
GAREAT Large Risks **Limitation of exposure of private sector**	€1.5 billion (2002) €1.75 billion (2003) €2 billion (2004, 2005, 2006) €2.2 billion (2007, 2008, 2009) €2 billion (2010, 2011,2012) €2.3 billion (2013) € 2.36 billion (2014); € 2.42 billion (2015); € 2.48 billion (2016)
GAREAT Small and Medium- Sized Risks **Limitation of exposure of private sector**	€139 million (2005: market share 12.6%) €334 million (2006: market share 14.7%) €317.4 million (2007: market share 13.4%) €349.6 million (2008: market share 14%) €318 million (2009: market share 12%) €341 million (2010: market share 10%) €320 million (2011: market share 10.6%) €347.92 million (2012: market share 10.76%)

	€394 million (2013: market share 10.79%); €423 million (2014: market share 12%); €396 million (2015 : market share 11%); €427 million (2016: market share11%)
Temporary /permanent government participation	Temporary. Renewed every 5 years. Next renewal January 1st 2018.
Gratuity of government coverage	No. CCR receives premium for unlimited cover with State Guarantee.
Voluntary / mandatory	Coverage of terrorism risk is a compulsory element of insurance policies covering property damage, including motor policies, since 1986. Pool membership to the "Large Risks" section (sum insured ≥ €20 million) is mandatory for insurance company members of the *Fédération Française des Sociétés d'Assurances* (*FFSA*) and mutual insurers in the *Groupement des Entreprises Mutuelles de l'Assurance* (*GEMA*) and companies which want to benefit from the unlimited reinsurance cover. Pool membership to the "Small and Medium-sized Risks" section (sum insured < €20 million) is voluntary.
Minimum sum insured	- Large risk section ≥ €20 million - Small and Medium risk section < €20 million: No
Coverage of NCBR terrorist attacks	Mandatory since 2006 with exclusion of damage caused by conventional weapons or devices designed to explode by means of the structural modification of the atomic nucleus (with the exception of "dirty" bombs, whose effects are covered).
Lines covered	*All property lines* and BI (industrial, commercial and private) other than transport, aviation hull and marine hull above €1 million .The scheme includes a waiver of subrogation rights against motor insurer's members of GAREAT in the event of a terrorist attack involving a vehicle.
Pricing mechanism	Direct insurers set the rates to be applied on original policies. Pool members cede the following reinsurance rates (expressed as % of property insurance premium) to GAREAT: **<u>CCR</u>** Large risk : • flat premium Small and medium risk : Insured values below €6 million: • Motor:0.03% • Private individual:0.20% • Professional risks: 0.3% • Farm property damage : 0.15% Insured value between €6 million and < €20 million : 1% Discount between 5% to 50% if the calculated priority is under priority minimum. **GAREAT** Direct insurers set the rates to be applied on original policies.

	Pool members cede the following reinsurance rates (expressed as % of property insurance premium) to GAREAT: **Large Risks section**- • Insured value between €20 million and < €50 million: 12% • Insured value ≥ €50 million: 18% • Nuclear : 24 % **Small and Medium-sized Risks section:** Insured values below €6 million: • Motor:0.10% • Personal lines:0.75% • Professional risks:1.20% • Agricultural :0.60% • Hulls light aircraft < €1 million: 2.5% • Pleasure craft Hulls <€1 million: 1.25% Insured value between €6 million and < €20 million: • Motor, Personal Lines, Professional risk, Agricultural.: 3.50%
Other public sector victims compensation schemes	FGTI - Fonds de Garantie des Victimes des Actes de Terrorisme et d'autres Infractions (Compensation Fund for Victims of Terrorist Actions and other Offences).