



## NETHERLANDS - TERRORISM RISK INSURANCE PROGRAMME

<b>Name of programme</b>	Nederlandse Herverzekeringsmaatschappij voor Terrorisemeschaden N.V. (NHT)
<b>Date of establishment</b>	July 2003
<b>Basic structure</b>	The objective of the scheme is to utilise the insurance sector as much as possible and to ensure continuity whenever possible. Therefore the insurance members who have agreed to be part of the scheme will cumulatively have the responsibility for the initial losses incurred after a terrorist event. Subsequently, reinsurance is split between the private reinsurance market and the Dutch government. There is however ultimately a €1 billion limit on terrorism coverage provided in each calendar year.

### Nederlandse Herverzekeringsmaatschappij voor Terrorisemeschaden N.V. (NHT)

#### History and Purpose

In the aftermath of September 11 it became difficult to obtain insurance coverage for terrorism risk. Therefore the Nederlandse Herverzekeringsmaatschappij voor Terrorisemeschaden N.V. (NHT), a reinsurance pool, was established in 2003 to overcome any interruptions to the Insurance market. Ideally there was a desire for the terrorism pool to reflect the changing realities of terrorism threats in the Netherlands. The operation of the NHT was designed to promote the continuity of the business market. The use of the NHT however allows an insurer to insure against terrorism risk up to €1 billion per insurer per calendar year.

The NHT operates as a corporate entity. The scheme has shares of which 100% are owned by Stichting NHT which derived from the Dutch Association of Insurers.



The OECD International Platform on Terrorism Risk Insurance shares information and identifies good practices on terrorism risk financing to contribute to more rapid economic recovery in the event of attacks.



This country profile is regularly updated. It is the product of joint work between national terrorism insurance schemes, the OECD and the World Forum of Catastrophe Programmes.

[www.oecd.org/daf/fin/insurance/terrorism-risk-insurance.htm](http://www.oecd.org/daf/fin/insurance/terrorism-risk-insurance.htm)



### Percentage of total losses by cause

The programme is loss free since its inception in 2003.

### Definitions

Terrorism – Any violent act and/or conduct – committed outside the scope of one of the six forms of acts of war as referred to in 3:38 of the *Financial Supervision Act [Wet op het Financieel toezicht]* – in the form of an attack or a series of attacks connected together in time and intention as a result whereof injury and/or impairment of health, whether resulting in death or not, and/or loss of or damage to property arises or any economic interest is otherwise impaired, in which case it is likely that said attack or series – whether or not in any organisational context – has been planned and/or carried out with a view to effect certain political and/or religious and/or ideological purposes.

### Operation, Extent, Lines Covered & Perils Covered

The NHT operates as a reinsurer facilitating coverage for terrorism risk. An individual insurer who utilises the reinsurance coverage provided will still be responsible for the claims processing and claims handling. An insurer is able to offer as much terrorism coverage as they have capital adequacy to enable them to do so. However, in order to protect themselves an insurer will usually limit the cover offered to the maximum amount which is available under the NHT. An insurer who utilises the NHT, as a condition of participation must accept that their entire portfolio is ceded to the pool and thus cannot determine which risks to move to the pool and which to retain.

The NHT will provide reinsurance coverage for terrorism, malevolent contamination or precautionary measures or any conduct in preparation for terrorism up to the maximum sum of €1 billion per insurer per calendar year. This amount can be adjusted annually, however if the amount is adjusted annually information about the adjustment must be present in the newspapers. There is however a sub-limit of €75 million per any one policyholder in any one insured location per annum for all participating insurers covering terrorism risk for the policyholder.

Lines: The NHT provides coverage for non-life insurance (for property located in the Netherlands), life insurance (where the policyholder has a regular residence in the Netherlands), healthcare insurance and funeral insurance.

### Exclusions

The NHT does not provide cover for:

- Aviation hull;
- Aircraft liability.

### State Involvement & Layers of Cover

There are four layers of coverage:

- First €7.5 million provided by the participating franchise primary insurers (those who are members of the NHT)
- Second - €300 million in the aggregate (pooled cover provided by the primary insurers)
- Third - €100 million in the aggregate in excess of the €300 million provided by international reinsurers



- Fourth - €550 million in the aggregate in excess of the €400 million provided by international reinsurers
- Fifth - €50 million in annual aggregate excess of €950 million provided by the Dutch government

\*\*If the €1 billion limit is exceeded then there would need to be pro-rated reductions paid against claims (NHT has detailed protocols on how this should occur).

### Extent of Compulsion & Choice

It is not compulsory for an insurer operating in the Netherlands to have coverage under NHT. Despite the lack of compulsion, currently there are more than 185 insurers or 95% of the insurance market who obtain reinsurance coverage for terrorism risk from NHT.

### Period of Operation

The NHT began operation in 2003.

## Main features

<b>Layers of coverage</b>	<p>There are five layers of coverage:</p> <ul style="list-style-type: none"> <li>• First - €7.5 million provided by the participating franchise primary insurers (those who are members of the NHT)</li> <li>• Second - €300 million in the aggregated (pooled cover provided by the primary insurers)</li> <li>• Third - €100 million in the aggregate in excess of the €300 million provided by international reinsurers</li> <li>• Fourth - €550 million in the aggregate in excess of the €400 million provided by international reinsurers</li> <li>• Fifth - €50 million in annual aggregate excess of €950 million provided by the Dutch government</li> </ul> <p>**If the €1 billion limit is exceeded then there would need to be pro-rated reductions paid against claims (NHT has detailed protocols on how this should occur).</p>
<b>Limitation of exposure of private sector</b>	€950million.
<b>Temporary /permanent government participation</b>	Temporary regime.
<b>Gratuity of government coverage</b>	Government receives a premium for the guarantee which they provide.
<b>Voluntary / mandatory</b>	Voluntary (although 95% of insurers in the Netherlands have taken advantage of the NHT). Those insurers who are members do however have to agree that all terrorism risk will be dealt with by the pool.
<b>Minimum sum insured</b>	No minimum.
<b>Coverage of NBCR terrorist</b>	Yes.



<b>attacks</b>	
<b>Lines covered</b>	<ul style="list-style-type: none"><li>• Life insurance;</li><li>• Non-Life insurance;</li><li>• Healthcare insurance;</li><li>• Funeral expenses insurance.</li></ul>
<b>Pricing mechanism</b>	There is not a structured pricing mechanism other than market prices for risk and capital.
<b>Other public sector victims compensation schemes</b>	<i>Criminal Injuries Compensation Fund Act.</i>