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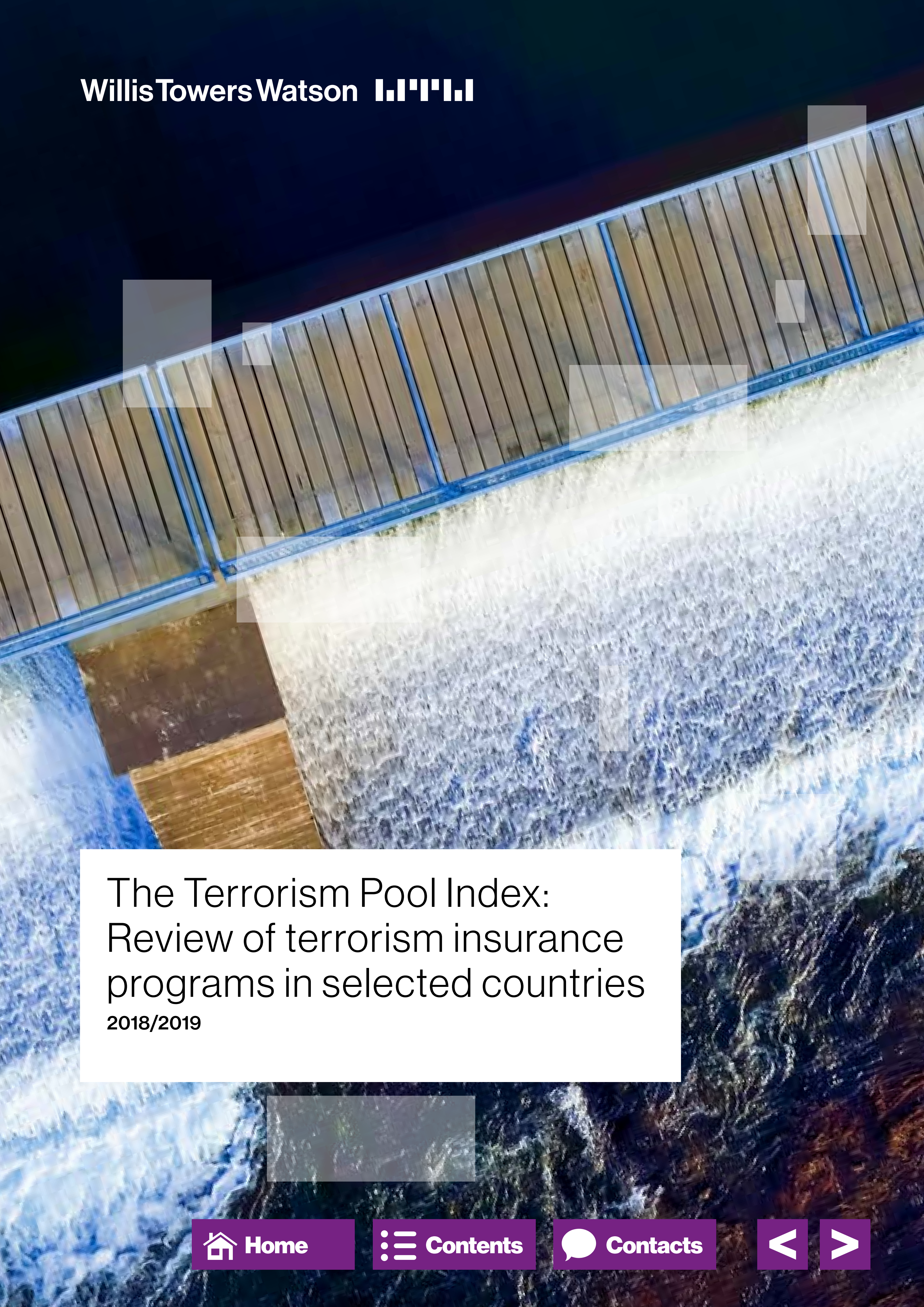

The Terrorism Pool Index: Review of terrorism insurance programs in selected countries

2018/2019

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Willis Towers Watson is grateful to the International Forum for Terrorism (Re)Insurance Pools (IFTRIP) for the support in the production of this report. IFTRIP and Willis Towers Watson have made all reasonable attempts to ensure that the information in this report is correct as of September 2018. The terms and conditions of the various pools, funds and schemes vary from time to time; the advice of an insurance professional should be sought before making decisions relating to terrorism insurance.

The Terrorism Pool Index: Review of terrorism insurance programs in selected countries
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Dear reader,

Predicting and managing exposures from global terrorism events remains a complex challenge to commercial insurance and reinsurance markets. The resultant shortfall in sufficient risk transfer options highlights the importance of the role of government-supported terrorism insurance schemes in addressing this market deficit. Global terrorism insurance pools continue to evolve their scope and scale to provide the requisite response and stability for global companies to operate securely.

In collaboration with Pool Re and global members of the International Forum for Terrorism Risk Insurance Pools (IFTRIP), Willis Towers Watson Financial Solutions is pleased to present the following Terrorism Pools Index. This report provides an overview of the features of many of the key terrorism schemes in existence across the world.

The features of the main terrorism insurance schemes are outlined in the first section of this report and brief information on some other terrorism schemes is provided in the second section. The information provided is for general guidance only; insurance buyers should obtain appropriate professional advice when designing and implementing global and local terrorism insurance arrangements.

If you would like to discuss any of the topics in the pages of this Index, please do not hesitate to contact me or any member of the Willis Towers Watson Financial Solutions team.

Yours sincerely,

Paul L. Davidson
Chairman and CEO
Financial Solutions
Willis Towers Watson

Foreword

This report captures the key features of the prominent terrorism pools, funds and schemes.

Terrorism risk continues to be on the agenda in board rooms around the world, and the daily coverage across all forms of media means that it is likely to remain a pressing risk for all organizations for the foreseeable future. Much has changed since the attacks on the U.S. in 2001 and, indeed, since the bombing of the King David Hotel in Jerusalem in 1946, which led to the first recognizable terrorism insurance wordings. While the threat and the responses to terrorism evolve, the requirement for effective transfer of the risk remains.

On many occasions, most notably after 9/11, commercial insurance markets have been unable or unwilling to provide effective cover in the immediate aftermath of a major terrorism loss. This absence of cover has generated strategic knock on impacts for the commercial property market. To overcome these deficiencies, many governments introduced state-backed terrorism pools, funds and schemes. Recent research by CASS Business School in London has described such arrangements as protection gap entities (PGEs). In 2015 a number of these terrorism PGEs came together to form the International Forum for Terrorism (Re)Insurance Pools (IFTRIP).

This report captures the scope and key features of prominent terrorism PGEs. The first section contains detailed information on 14 schemes, including their definitions, scope of cover afforded and current premium rating metrics. The second section offers a summary of terrorism insurance arrangements in select other countries. We have also provided a quick reference guide at the end which allows rapid comparison.

While providing context for the scope of coverage afforded by these programs, this report provokes additional questions:

- To what extent is the changing nature of the threat influencing the purchase of terrorism insurance?
- What is the primary driver for the continuing existence of the schemes?
- What would constitute a major loss?
- What role should the commercial market fill?

Analysis of various terrorism PGEs has been undertaken, but inevitably we have not captured all arrangements that exist. Any organization seeking to make a terrorism insurance purchase should seek the advice of an appropriately qualified and experienced advisor.

To what extent is the changing nature of the threat influencing the purchase of terrorism insurance?

Most terrorism PGEs were created in the aftermath of September 11, 2001. Those that pre-date 9/11 were primarily created in response to domestic terrorism issues, often from separatist movements. Many of those earlier events, such as the ETA attacks in Spain and the PIRA attacks in the United Kingdom, involved the use of large explosive devices. Much has been written about the dynamic nature of terrorist attack methodologies in recent years, but the general consensus is that the perpetrators' emphasis has shifted. Previously, the most prominent attacks generated catastrophic physical damage against infrastructure and required significant planning and expertise – now we see comparatively smaller attacks targeting people, using easily accessible weapons, such as firearms, bladed weapons and vehicles, with a lower planning burden and low technical barrier to entry.

The absence of an event causing catastrophic property damage losses in a developed nation in the 17 years since 9/11 has in itself had an impact on the market, not least on the debate about the requirement for terrorism PGEs. The threat of a major attack has not disappeared, but the barriers to entry are potentially greater than they were, particularly with improvements in counter terrorism efforts. The emergence of social media and secure mobile communications (Facebook was launched in February 2004, Twitter in July 2006 and WhatsApp in June 2009) has undoubtedly enabled terrorist organizations to not only spread their message more effectively but also directly communicate with followers. This benefit has been somewhat neutered by governments and law enforcement improving their ability to identify and interdict terrorist plots. Given claim experience, clients understandably view a catastrophic event as less likely than a marauding terrorist firearms attack or the use of a vehicle as a weapon. However, despite this shift in the nature of the threat and the perception of the most likely risks, most property-owning organizations continue to purchase "traditional" terrorism insurance, either from terrorism PGEs or the stand-alone market.

Beyond the possibility of a large improvised explosive device or the use of an aircraft as a combined kinetic and explosive weapon, two other threats continue to drive clients toward the purchase of traditional cover from terrorism PGEs; the threat of a nuclear, chemical, biological or radiological (NCBR) event and the potential for catastrophic cyberterrorism. The challenges in modeling these risks mean that meaningful cover is still primarily afforded by the terrorism PGEs, rather than by the stand-alone market.

New and innovative products are available from some commercial insurers providing extended non-damage business interruption protection. These solutions also often include a range of crisis management expenses, whether relating to public relations support, post-event counseling or the support of a security and risk management vendor. The penetration of these products is not currently as high as traditional terrorism, although we do see demand increasing.

While some terrorism PGEs have responded innovatively to the changing threat (most notably Pool Re in the U.K.), and commercial products are available and being purchased by a relatively low percentage of organizations, the marked change in the threat has not to date precipitated a significant change in buying behavior of clients, or in the kinds of cover available from terrorism PGEs.

The primary drivers for the existence of terrorism PGEs

When discussing their decisions with corporate clients, two factors are the most common reasons for the purchase of a terrorism insurance program. Either the organization's risk tolerance is such that they are reluctant to not buy terrorism cover or, more frequently, there is a requirement based on lending criteria to demonstrate that an asset against which there is a loan is financially protected against all risks. It is less common to find organizations who are deeply invested in understanding the nature of their terrorism exposures and for whom risk transfer is a natural conclusion of a broader risk management process. When terrorism capacity was withdrawn globally after 9/11, and when the same happened previously in London in 1993, the primary impact of that withdrawal was to prevent commercial property transactions. It was the stasis in the commercial property markets that governments responded to in creating the terrorism PGEs, not the absence of terrorism cover itself.

Capacity is available in the non-terrorism markets to cover the range of potential catastrophic losses, but the challenge of effectively modeling terrorism continues to stymie the provision of adequate reinsurance to the commercial market to make the terrorism PGEs redundant. This reluctance on the part of reinsurers to provide capacity to commercial insurers has remained unchanged, despite the changing nature of the risks and improved ability to model some aspects of the risk. While developments are in the pipeline for new modeling techniques and the potential involvement of ILS capacity in the terrorism market, the situation at present is that only the terrorism PGEs are equipped to effectively underpin the commercial property market.

When considering the specific types of terrorism hazard, there is an argument that the commercial market could perhaps offer enough capacity to deal with conventional attacks, including large vehicle-borne improvised explosive devices and the use of an aircraft as a kinetic weapon. However, the existential terrorism risk, including the use of weapons of mass destruction and the potential for a malicious cyber event to generate major physical damage, are beyond the market's appetite.

It is our assessment that the primary driver for the continued existence of the terrorism PGEs is the enduring requirement for full insurance protection from lenders in the commercial property market. This is further reinforced by the reluctance from reinsurers to provide capacity to commercial insurers for the most catastrophic terrorism scenarios.

What might constitute a major loss?

Tragic events in Paris, London, Orlando and elsewhere in the last five years have provided significant data on the range of financial losses following a marauding terrorist firearms attack, or the use of a vehicle as a weapon. Calculations by respected economic institutions suggest that the economic losses run into billions. However, the insurable losses from these events have been negligible – particularly for the terrorism PGEs. More analysis is required, but initial assessment indicates that a comparatively small amount of the overall economic loss lends itself to being captured as insurable. There are certainly gaps in the provision of meaningful cover for small and medium sized enterprises (SMEs) which can be disproportionally impacted by relatively short periods of business interruption and a reliance on a single location. There are also improvements that could be made to traditional cover to ensure that non-damage business interruption is more routinely offered and taken up.

On the current assessment of the more recent events, primarily in Western Europe, it is difficult to see how – even with product innovation and improved distribution – a macro loss could be generated from a marauding terrorist firearms attack or the use of a vehicle as a weapon.

In conventional terms, the use of a very large vehicle-borne improvised explosive device, or an aircraft as a kinetic weapon could certainly develop a major loss. However, advances in assessment methodology have made these losses much easier to calculate and their geographically concentrated nature means that insurers should be able to manage their aggregation risks through effective underwriting controls. There is an argument that the commercial market is actually well placed to take much of this conventional risk off government balance sheets.

A catastrophic loss in the terrorism market is much more likely to come from the use of a NCBR weapon, or a cyber event generating major physical damage. The risk of a large-scale contamination event and the potential for a remediation solution to be complicated by political factors is particularly concerning as the barriers to entry may be relatively low. The difficulty in determining the geographic impact of these events means that commercial insurers struggle to create effective underwriting controls. There is also a reasonable perception among insurers that much of the information required to determine the credible risks from a range of NCBR and cyber threats sits in the domain of governments, which are understandably unwilling to release that information to the commercial insurance market.

Terrorism risk temperature key

95	Extremely high
85	Very high
75	High
65	Medium-high
55	Significant
45	Medium
35	Medium-low
25	Low
15	Very low
5	Extremely low

Risk ratings and temperatures, as of September 2018, have been provided using analysis and ratings from both Oxford Analytica and Alert:24 (in partnership with AKE Intelligence).

Public/private partnership across terrorism insurance

By considering the changing nature of the risk, the key drivers for the continued existence of the terrorism PGEs and by identifying what might constitute a major loss, it becomes clear that benefit will come from a more coordinated approach between the commercial market and terrorism PGEs.

The commercial market is best placed to envisage, produce and distribute innovative solutions to respond to the changing threat. With the backing of appropriate reinsurance, the commercial market also has the potential to take much more of the conventional risk off government balance sheets. The bulk of economic loss from terrorism events probably falls into the uninsurable space, but there is an opportunity for much more of the risk to sit with the stand-alone market.

For the potential existential risks posed by NCBR terrorism, cyberterrorism and any as yet unseen macro attack methodology, only the terrorism PGEs are capable of providing the confidence that the commercial property market will be able to operate effectively in the immediate aftermath of an event. Their role and function is therefore unlikely to be replaced at any time in the near future by the commercial insurers.

In order to ensure that an effective ecosystem of cover is available to all clients, it may be necessary for the terrorism PGEs to work more closely with commercial insurers on distribution, modeling and product innovation. Increasing the breadth and penetration of cover available in any jurisdiction will inevitably increase national resilience and ensure that businesses can recover quickly and effectively from these heinous acts – something which demands improved public and private sector coordination.

Schemes for terrorism insurance in selected countries

Australia

Australian Reinsurance Pool Corporation (ARPC)

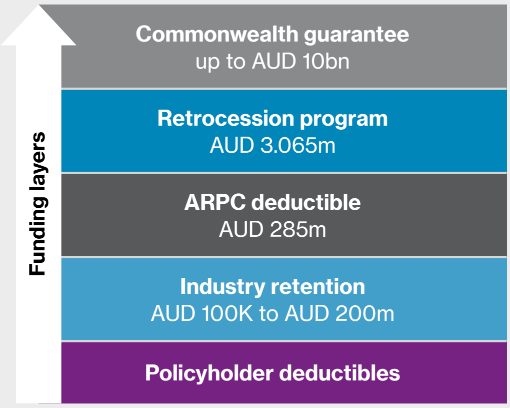
Terrorism risk
Low

Summary

Following the 9/11 terrorist attacks in the U.S., insurance cover for terrorism risk in Australia was withdrawn by insurers, causing a large pool of assets to be uninsured for terrorism risk. The Terrorism Insurance Act ("ATIA") was passed in 2003 to override terrorism exclusion clauses in eligible insurance contracts, enabling coverage of eligible losses arising from a declared terrorist incident (DTI). ARPC was established under this Act to administer Australia's terrorism reinsurance scheme, which covers eligible terrorism losses involving commercial property, associated business interruption losses and public liability. In the event of a DTI, holders of eligible insurance contracts will be covered with insurers required to meet those claims in accordance with the other terms and conditions of individual policies.

ARPC is a corporate Commonwealth entity within the Treasury portfolio. It is currently governed by a Board with a chair and between four and six members and a chief executive. Since its inception, ARPC has continued to modernize to ensure its ability to fulfil its purpose. In June 2004, ARPC had reinsurance agreements with 187 insurers and more than AUD 55 million gross written premium. By 2018, there are more than 230 insurers and AUD 170 million gross written premium.

Scheme



Commonwealth guarantee: This guarantees the payment of money that may become payable by ARPC. Requires Parliamentary approval if payments will exceed AUD 10 billion.

Retrocession program: This section of funding is sourced from the commercial reinsurance market. Mostly placed as multi-year deals.

ARPC capital: This is sourced from the sale of terrorism reinsurance.

Industry retention: This is the aggregate of the treaty retentions of all insurers involved in a single event.

Definition of terrorism

A terrorist act is defined in the Australian criminal code as one that involves an action or threat made to advance a political, religious or ideological cause. A terrorist act requires the perpetrator/s to have intent to coerce or influence by intimidation the government of the Commonwealth of Australia or of an Australian State or Territory, or to intimidate the public, or a sector of the public.

Scope of coverage

Eligible property includes commercial and industrial buildings (including fixtures and building contents) plus associated business interruption. Commercially-owned infrastructure, such as roads, tunnels, dams, pipelines and sites covered by a construction policy, are also deemed eligible property. Farms can obtain cover if they hold insurance against business interruption. The scheme is only focused on insured losses resulting from damage to property and, therefore, it does not extend to life, personal injury or workers compensation.

Nuclear, chemical, biological and radiological cover

Acts of terrorism involving chemical and biological material are covered under the scheme. Nuclear and radiological risks are not covered.

Summary of exclusions

Perils excluded: Nuclear risks, radiological risks, loss associated with travel (including damage to personal belongings, cancellation, sickness, injury or disease), cybercrime.

Classes excluded: Residential property (excluding high value mixed use buildings), Australian and State government assets, marine insurance, motor insurance, workers compensation insurance, professional indemnity insurance, life insurance, aviation insurance, prime movers, trailers, railway stock and tram stock, financial products.

Additional information: Exclusions include contracts of insurance underwritten by the Australian government or providing cover to certain state infrastructure within Australia, the scheme is focused on insured losses from property damage and does not extend to life, personal injury or workers compensation.

Territorial scope of scheme

Australian territory only.

Premium rates

Insurance rates for insured: Insureds are free to set their own terrorism premiums for the underlying policies to insurance buyers, according to normal commercial arrangements.

Reinsurance rates for members: Premium charges allow for the accumulation of a pool used to fund all operations, including retrocession premiums and payments to government for the Commonwealth Guarantee, while building a reserve available for future claims. Premiums are calculated as a percentage of the insurer's gross written premium in accordance with the postcode of the property being reinsured. Each postcode is assigned to one of three Tiers A (16%), B (5.3%) or C (2.6%), having regard to the population density in a postcode area.

Maximum scheme paid losses

A siege at the Lindt Café in Martin Place Sydney on December 15, 2014 resulted in insured losses of approximately AUD 4 million which were within the insurer deductibles for the scheme.

Private reinsurance arrangements, government guarantees and structure

The retrocession program currently stands at approximately AUD 3 billion. ARPC's pool of retained earnings will meet claims until the agreed retrocession deductible is reached, when claims will be funded by the program. The retrocession program involves ARPC purchasing reinsurance and comprises more than 60 participants from Australia, the U.K., Europe, Bermuda, U.S. and Asia. All the participants on the program are rated A- or better by Standard and Poor's or AM Best.

For claims above the AUD 3 billion retrocession layer, the Commonwealth provides a guarantee of AUD 10 billion. If the amount paid or payable exceeds AUD 10 billion, the minister must announce a reduction percentage, which limits the level of cover by reducing the amount payable by the insurer to the policy holder.

Compulsory or elective?

Insurance: It is compulsory for insurers with eligible policies issued in Australia to provide cover in a declared terrorism incident.

Reinsurance: It is elective for insurers to participate in the ARPC scheme which transfers the insurers liability to the pool.

Insurers operating in Australia can decide if they want to obtain reinsurance coverage for terrorism from ARPC, or carry the underwritten risk themselves, or obtain coverage through a different mechanism. Almost all commercial property insurers choose to reinsure their risk with ARPC.

Austria

Österreichischer Terrorpool

Terrorism risk
Extremely low

Summary

Following 9/11, Austrian insurers in the VVO set up a mixed co- and reinsurance pool (Österreichischer Versicherungspool zur Deckung von Terrorrisiken) on September 24, 2002, starting by October 1, 2002. The VVO's primary goal in setting up the new pool was to grant affordable property cover against terrorism exposure, i.e., covering risks arising from an insured peril triggered by terrorism. The pool is open to insurers and reinsurers writing business in Austria, some 99% of primary insurance companies that are members of the VVO participate in it, their share of the pool being prorated to their market share in property insurance.

The Austrian pool represents the response of a relatively small advanced insurance market (regarded before September 11 as facing a relatively low and infrequent terrorist threat) which, even with optional terrorism insurance, would otherwise face a degree of market failure. The Austrian government has decided not to offer a third layer of cover, in the form of a state guarantee, for the time being. The Austrian Ministry of Finance has made clear that it welcomes the action taken by the insurance industry but wishes to avoid any steps that could deter the private sector from taking measures itself to accommodate terrorism risks as far as possible.

Definition of terrorism

No Austrian government declaration is required for an act to be recognized as a "terrorist act" for the purpose of the scheme. The Verband der Versicherungsunternehmen Österreichs (VVO, the Austrian Insurance Association) draws instead from the German definition developed by the GDV: "terrorist acts are all acts of persons or groups of persons with a view to achieving political, religious, ethnic, ideological or similar goals, and which are apt to put the public or sections of the public in fear, thereby influencing a government or public bodies."

Scope of coverage

The scheme applies to physical damage and business interruption (excluding contingent business interruption) for industrial, commercial and private property, as per the local property insurance policy. Indemnity is limited to EUR 5 million per policy each year and EUR 200 million across all policies each year.

Nuclear, chemical, biological and radiological cover

Not covered.

Summary of exclusions

Perils excluded: Nuclear, chemical, biological and radiological attacks.

Classes excluded: Business interruption (except in respect of direct consequential damage), liability, marine, aviation and transport, supply chain losses, art insurance, motor third-party liability and personal accident losses.

Additional information: Given that the Austrian state is not involved, all reinsurance and retrocession arrangements are on a non-state basis.

Territorial scope of scheme

Austrian territory only.

Premium rates

Insurance rates for insureds: Insurers are free to set their own terrorism premiums for their underlying policies to insurance buyers, according to normal commercial arrangements.

Reinsurance rates for members: From 0.75% to 4% of the sum insured for participants in the pool and from 2.25% to 12% of the sum insured for non-participants in the pool.

Maximum scheme paid losses

In the period since its creation on October 1, 2002, the Austrian pool has not had to face a serious test or a single claim.

Private reinsurance arrangements, government guarantees and structure

Given that the Austrian state is not involved in the scheme, all retention and reinsurance arrangements are on a non-state basis. The private insurance market provides coverage structured in two layers:

- First – market retention, up to an annual aggregate of EUR 100 million, to be co-insured by direct insurers and in proportion to their market share;
- Second – a reinsurance layer of EUR 100 million, up to a total annual aggregate of EUR 200 million, underwritten by the international reinsurance market.

Compulsory or elective?

Insurance: Terrorism cover remains optional for most lines and is offered on a private, facultative and conditional basis. Exceptions are commercial passenger and third-party liability for aviation, railways and other "no fault" liability classes, where terrorism cover is compulsory.

Reinsurance: Pool membership is optional, but approximately 99% of VVO members (market share property insurance) belong to the pool.

Belgium

TRIP (Terrorism Reinsurance & Insurance Pool)

Terrorism risk
Medium-low

Summary

Following the ratification of the Belgian Terrorism Act on April 1, 2007, TRIP was created on February 1, 2008 to provide terrorism insurance and reinsurance coverage. As of May 1, 2008, the terms of Belgian policyholders' insurance contracts have been adapted to reflect the new legislation governing the way in which insurers are required to deal with the impact of terrorist attacks.

While participation in the TRIP pool is not compulsory, more than 95% of insurance companies are members of the scheme. Only members of the pool will benefit from the solidarity and compensation system introduced by TRIP, i.e. the distribution (compensation) of the members' contractual obligations in case of acts of terrorism among all members of the pool.

Definition of terrorism

An act or threatened act in secret for ideological, political, ethnic or religious ends, performed individually or in groups and intended as an attempt at the lives of individuals or to either partially or completely destroy the economic value of tangible or intangible property whether to have impact on the public, create a climate of insecurity or put pressure on the authorities in a bid to impede the running and normal operation of a service or business.

Scope of coverage

The Terrorism Act ensures that compensation is given to all insured persons who may suffer damage as a result of a terrorist attack and guarantees the stability and sustainability of the insurance sector. It sets out a comprehensive insurance solution to cover the damage caused by terrorism, whereby the insurers themselves continue to manage and settle the claims made by their insured parties.

The system works on three levels: the insurers are the first to act, followed by reinsurers and finally the government. Indemnity is limited to EUR 75 million per insured party per year, regardless of the number of insurance contracts purchased. The total annual cover for claims made on the basis of terrorism acts is limited to EUR 1 billion. This amount is indexed and equals EUR 1.251 billion as of January 1, 2018. This limitation is not applicable to workers' compensation insurance, in which case the insurer must fully indemnify the individuals harmed or their claimants. However, insurers can recourse the excess loss to the State workmen's compensation fund (FEDRIS: *"agence fédérale des risques professionnels"*).

Nuclear, chemical, biological and radiological cover

Coverage is provided for bacteriological and chemical risks (including "dirty bombs") and for damage caused by weapons or devices that explode due to a change in the structure of the atomic nucleus (i.e. damage by nuclear bombs).

Summary of exclusions

Perils excluded: Damage to nuclear facilities, third-party liability for nuclear energy, specific terrorism-insurance policies.

Classes excluded: Nuclear facilities and energy, railway rolling stock, aircraft, ships.

Additional information: Damage caused by nuclear bombs are covered by the scheme but can be excluded from the insurance coverage.

Territorial scope of scheme

The Terrorism Act concerns policyholders normally residing in Belgium or (if the policyholder is a legal entity) the premises of the legal entity to which the contract applies, property located in Belgium, where the insurance policy in question covers buildings or buildings and their contents, vehicles registered in Belgium, contracts taken out in Belgium, where a given contract lasts for less than four months and covers risks incurred during a trip or holiday (whatever the class in question).

Premium rates

Insurance rates for insureds: Insurers are free to set their own terrorism premiums for their underlying policies to insurance buyers, according to normal commercial arrangements.

Reinsurance: Each pool member pays a contribution to the overall TRIP budget (for private reinsurance arrangements and management costs) which is proportional to its TRIP market share.

Maximum scheme paid losses

Total cost of claims for 2016 is estimated at EUR 113 million (2018 figures) from two terrorist attacks in that year, first at Maelbeek metro station in Brussels and another at Brussels National Airport in Zaventem.

Private reinsurance arrangements, government guarantees and structure

TRIP obtains reinsurance cover on behalf of all its members from the professional reinsurance markets (Continental, London and Bermuda) as part of a three-layered program.

- First – market retention, up to an annual aggregate of EUR 300 million, to be co-insured by direct insurers;
- Second – a reinsurance layer underwritten by the international reinsurance market. This provides indemnity as the difference between EUR 600 million (the first and third layer) and the "indexed EUR 1 billion" maximum scheme coverage. The reinsurance system includes both annual renewable capacity placement and multiyear (three years) capacity placements;
- Third – EUR 300 million government surety in excess of private market participation.

For example, as of January 1, 2018 with an indexed maximum scheme coverage EUR 1.251 billion, a total of EUR 651 million was provided as reinsurance in the second layer, in excess of the EUR 300 million market retained first layer but before the EUR 300 million government surety third layer.

Compulsory or elective?

Insurance: The Terrorism Act makes provision for mandatory terrorism cover in so-called "mass" insurance policies held by virtually all citizens, either as private individuals or as employees, i.e., motor third-party liability, fire simple risks, strict liability for public places, workmen's compensation insurance, life assurance, personal accident and health insurance.

Reinsurance: Participation in the TRIP scheme is elective for insurers and reinsurers, but more than 95% of insurers use TRIP.

Denmark

TIPNLI (Danish Terrorism Insurance Pool for Non-Life Insurance)

Terrorism risk
Low

Summary

The government in Denmark decided in April 2005 that a committee should evaluate the need for a terrorism insurance scheme. The committee assessed the potential losses that Danish non-life insurance companies would suffer if nuclear, chemical, biological or radiological (NCBR) terrorist attacks occurred. It also evaluated the possibility of buying reinsurance on NCBR terrorism from the international reinsurance market, concluding that this proved very limited due to the unpredictable nature of consequences and subsequent ambiguity when pricing risks.

To remedy this market limitation, the Danish Terrorism Insurance Act was adopted enabling the State to act as a reinsurer of NCBR risks. The scheme only includes insurance policies which cover NCBR terrorism risks for buildings and contents, including business interruption losses, as well as hull damages for railway rolling stock, motor vehicles and for ships in Denmark.

Definition of terrorism

No Danish government declaration is required for an act to be recognized as a "terrorist act" for the purpose of the scheme. The Danish Terrorism Insurance Council decides regarding an event arising from a terror attack – where NCBR weapons are used – whether the damages are covered by the Terrorism Insurance Scheme. To determine if an event arises from NCBR terror, the Council can make use of expert assistance.

Scope of coverage

The scheme consists of a national reinsurance guarantee of maximum DKK 15 billion, which will be activated by damages exceeding the retention of the members of the scheme. The scheme implies that the government will make payment to the Danish Terrorism Insurance Pool for Non-Life Insurance (TIPNLI) in the case of NCBR-terror losses in excess of the retention. The covered losses are defined as NCBR-damages to buildings and contents, including business interruption, and also extends to cover hull damage to railway rolling stock, motor vehicles and ships caused by NCBR terrorism.

Nuclear, chemical, biological and radiological cover

NCBR terrorism is covered.

Summary of exclusions

Perils excluded: Non-NCBR perils.

Additional information: The Terrorism Insurance Council decides whether an event arising from terror has been subject to the use of NCBR weapons and thus whether the damages are covered by the scheme.

Territorial scope of scheme

The insured property or interest must be situated in Denmark when the event occurs for possible damages to be covered by the scheme.

Premium rates

Insurance rates for insureds: Insurers are free to set their own terrorism premiums for their underlying policies to insurance buyers, according to normal commercial arrangements.

Reinsurance rates for members: The members of the scheme must pay an annual risk premium to the state for the reinsurance guarantee. This premium will depend upon the NCBR insurer's retention and is determined by the Terrorism Insurance Council based on an evaluation of the price and capacity available for NCBR coverage in the reinsurance market and the solvency position of the non-life insurance industry.

This is currently (2018) a tariff of 0.10% on the state guarantee amount (DKK 15 billion), equaling DKK 15 million.

Those holding a policy covering risks in the lines included in the system (irrespective of whether they have NCBR terrorism or not) must contribute to the repayment of amounts paid from the state reinsurance guarantee.

Maximum scheme paid losses

No reported losses to date.

Private reinsurance arrangements, government guarantees and structure

The scheme consists of two layers:

- First – own risk retention for the non-life insurance industry. This retention is determined by the Terrorism Insurance Council based on an evaluation of the price and capacity available for NCBR coverage in the reinsurance market and the solvency position of the non-life insurance industry, as of 2018 this is currently DKK 19.1 billion;
- Second – State guarantee (maximum of DKK 15 billion). The second layer will only come into operation when the own risk retention has been exceeded.

Compulsory or elective?

Insurance: Provision of terrorism insurance is not compulsory in Denmark. Compulsory for Danish registered insurance companies who write NCBR terrorism insurance.

Reinsurance: Participation is elective for foreign insurance companies operating in Denmark and writing NCBR terrorism insurance.

France

GAREAT (Gestion de l’Assurance et de la Réassurance des Risques Attentats et Actes de Terrorisme)

Terrorism risk
Significant

Summary

In the French insurance market, terrorism insurance cover is a mandatory extension of all property policies without limitation or restrictions, as per the Code des Assurances article L126-2. Following the 9/11 attack, (re)insurers reinsurers considered that there should be a market solution to cover a major property loss caused by a terrorist attack or series of attacks and due to the potential size or aggregation of losses the state needed to provide a backstop guarantee against major property damage or a series of losses caused by a terrorist attack. GAREAT was built based on the format and experience of existing terrorism schemes in Europe (Consorcio and Pool Re), with the state providing an unlimited backstop, but with the distinctive feature of the maximal use of private reinsurance to increase the limits covered by the market before state intervention.

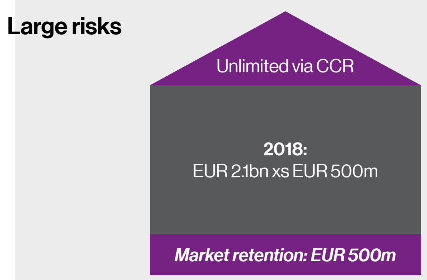
Definition of terrorism

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, biological and radiological risks) are covered for all French property risks.

Above a certain loss level however, the agreement of the State is needed.

Scope of coverage

The GAREAT scheme provides comprehensive cover for damage to industrial, commercial and homeowner properties and associated business interruption costs. GAREAT’s cover follows the underlying property policy in its scope and limit, and a discount for limitation of the cover amount can be applied if the insured wants to take the related risk. There are no exclusions for the types of properties covered by the scheme and it includes all nuclear plants’ coverage for terrorism (in other countries these are often covered by a separate Nuclear Pool or excluded). This scheme provides some of the most comprehensive coverage in the world, as all forms of attacks are covered to the full insured value of each policy. The scheme also covers physical damage caused by an act of cyberterrorism.



Nuclear, chemical, biological and radiological cover

On January 23, 2006, the law amended the French Code des Assurances making NCBR mandatory. Property policies must cover damage caused by the use of nuclear, chemical, biological and radiological devices.

Summary of exclusions

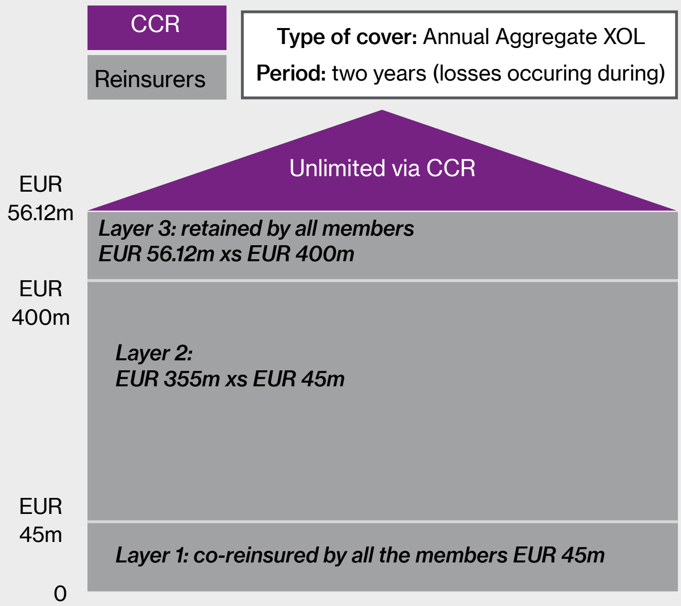
Classes excluded: Transport, aviation hull and marine hull above EUR 1 million personal accident, life, third party liability.

Additional information: No exclusion by type of property risks. For the main exclusions, see CCR.

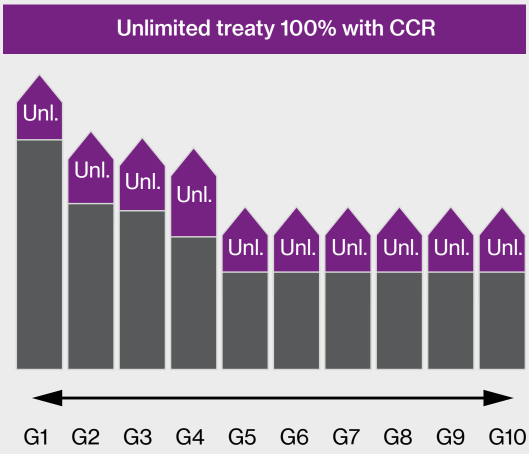
Territorial scope of scheme

Property damage and consequential losses arising from an act of terrorism sustained on French territory are covered, even when the cause originates outside France.

Small/medium risks



Note: the CCR unlimited treaty applies before and in place of GAREAT if losses are above the relevant CCR deductible



In case of loss (within the scope of Art L126-2 of the French Insurance Code)
Treaty unlimited trigger: losses above minimum EUR 20 million.
The unlimited treaty applies first.
Ten groups have been provisionally set up for 2018.

Premium rates

Insurance rates for insureds: Insurers are free to set their own terrorism premiums for their underlying policies to insurance buyers, according to normal commercial arrangements.

Reinsurance rates for members: A reinsurance rate is charged by GAREAT on the property policies; premium, varying dependent on the amount of the sums insured. Private and public reinsurance accounts for less than half of the premium charged. Net premiums after reinsurance, losses and own costs, are not held in reserve but instead returned to insurers by GAREAT.

Maximum scheme paid losses

Since its inception, GAREAT has not had any major property losses. However, there have been several small scale losses among its portfolio of small and medium sized risks, mostly from regional or national terrorism acts. Overall these represent around 1% of the total aggregate premium. The recent, tragic attacks in Paris and Nice, which caused significant injury and loss of life, were covered by the special public entity FGTI, which is funded by charges levied on property policies. GAREAT is only called upon when there is a property loss.

Private reinsurance arrangements, government guarantees and structure

Unlike some other schemes, GAREAT does not hold reserves against future losses or create a buffer to distance the state from risk. Instead, all reserves are set aside individually and on a voluntary basis by insurers, reinsurers and CCR. GAREAT runs two schemes - a large risks scheme for policies with sums insured/loss limits over EUR 20 million and a small/medium risks scheme for all other policies. Both schemes include reinsurance cover from international reinsurance markets as part of a multi-layered program:

- First – market retention, up to an annual aggregate of EUR 500 million, to be co-insured by direct insurers;
- Second – a EUR 2.1 billion reinsurance layer underwritten by the international reinsurance market in excess of the market retention;
- Third – unlimited government surety in excess of private market participation through CCR. Losses which do not fall within the scope of the risks covered by CCR fall back to the pool (please see CCR below).

The small/medium risk scheme is in four layers:

- First – market retention, up to an annual aggregate of EUR 45 million, mutualized between direct insurers in proportion to their market share;
- Second - a EUR 355 million reinsurance layer underwritten by the international reinsurance market in excess of the market retention;
- Third – further market retention, up to an annual aggregate of EUR 56.12 million excess of the underlying EUR 400 million, paid by the members in proportion to their share of the losses;
- Fourth – unlimited government surety in excess of private market participation through CCR.

Compulsory or elective?

Insurance: Since 1986, terrorism coverage cannot be excluded from policies covering direct property loss and business interruption, so terrorism is included automatically on all such policies, but a discount for limitation of the cover amount can be applied if the insured wants to take the related risk.

Reinsurance: Compulsory and elective - all insurers located in France and participating in the insurance association (FFA) must cede all property risks located in France, and valued above EUR 20 million sum insured (for large risks), to GAREAT. This limits any kind of anti-selection. As a result, around 95% of large risks in France are ceded to the scheme. Only around 14% of small and medium-sized risks are ceded, as there are alternative solutions in the market, insurers may include these in their reinsurance covers.

France (continued)

CCR (Caisse Centrale de Réassurance)

Summary

Established in 1946, CCR is the reinsurance company of the French State and provides unlimited cover to GAREAT. CCR completes the state-backed scheme GAREAT by providing its large risks section with unlimited state-guaranteed cover above its limit of EUR 26 billion. This cover only concerns risks in the scope of the compulsory cover. Risks and insurance covered by GAREAT's large risks section outside this scope are not included under this cover. This arrangement gives GAREAT large risks' members access to some of the broadest covers in the world.

Definition of terrorism

As per GAREAT.

Scope of coverage

Compulsory coverage includes policies covering property fire damage located on national territory, motor insurance policies, aircraft hull insurance policies (aircraft used for non-commercial or non-profit purposes, with a value of less than EUR 1 million) and vessel hull insurance policies (marine, lake and inland waterway vessels used for pleasure boating, with a value of less than EUR 1 million). Compensable losses covered are direct material damage, financial losses resulting from direct material damage, costs related to property decontamination (excluding decontamination and containment of debris) and business interruption covered by the policy as a result of material damage.

Nuclear, chemical, biological and radiological cover

Covered under CCR's operational model that evaluates its risk exposure, that of its clients and that of the French State.

Summary of exclusions

Perils excluded: Losses and damage caused by foreign and civil wars, strikes, riots, public unrest, malicious acts, vandalism or villainous acts, theft, looting or fraud subsequent to an attack or act of terrorism.

Classes excluded: Policies underwritten in the construction liability line; aircraft hull insurance (less than EUR 1 million and/or used for commercial purposes), vessel hull insurance for marine, lake and inland waterway vessels (less than EUR 1 million and/or not used for pleasure boating), cargo and railway rolling stock insurance, financial loss or business interruption not resulting from covered material damage, business interruption "caused by risks located abroad," terrorism insurance policies covered by a specific GAREAT agreement, bodily injury, 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.

Territorial scope of scheme

Coverage as per GAREAT, but CCR does not extend to losses sustained in French Polynesia, French Southern and Antarctic Territories and New Caledonia.

Premium rates

All calculated and payable under GAREAT.

Maximum scheme paid losses

Thus far, no act of terrorism has caused damages requiring CCR's cover to be called into play, either in terms of large risks or small and medium risks.

Private reinsurance arrangements, government guarantees and structure

CCR is authorized by the French Insurance Code to provide unlimited state-guaranteed reinsurance solely for losses falling within the scope of the compulsory cover provided for in said code.

Compulsory or elective?

Insurance: As per GAREAT.

Reinsurance: Automatically provides unlimited reinsurance protection to GAREAT.

Germany

Extremus

Terrorism risk
Low

Summary

After the 9/11 attacks, the reinsurance market decided to exclude losses due to an act of terrorism. The primary market followed suit in view of the missing reinsurance capacity. Under the leadership of the German Insurance Association (GDV), a uniform definition of terrorism was developed, and a solution was agreed to form a specialist insurer for writing terrorism cover. 17 insurers and reinsurers founded EXTREMUS in September 2002 after obtaining the Government's agreement to back this format. The company acts as a primary insurer, issuing the policies on its own paper. EXTREMUS buys reinsurance from its shareholders, from other companies active in the German market and from international reinsurers.

Definition of terrorism

A terrorist act is defined as any act/acts committed by persons or groups of persons to achieve political, religious, ethnic or ideological purposes that are likely to spread anxiety or fear among the population or parts of the population and thereby influence any government or government institution.

Scope of coverage

EXTREMUS covers commercial and industrial property, including business interruption for risks/policies exceeding EUR 25 million. Indemnity is limited to EUR 1.5 billion per contract/client and EUR 10 billion across all policies each year. Losses due to suppliers/customers contingency losses, business interruption losses due to failure of external supply services/utilities and access restrictions are materially sublimited.

Nuclear, chemical, biological and radiological cover

Not covered.

Summary of exclusions

Perils excluded: Nuclear, chemical, biological and radiological.

Classes excluded: Aviation, marine, life, personal accident.

Additional information: Cyber losses are not explicitly covered and furthermore EXTREMUS has an exclusion clause in terms of data loss. However, in the case of a property damage due to a cyberattack, some losses would be recognizable.

Territorial scope of scheme

All property must be located in Germany, and losses have to occur on German territory. However, some interdependent and contingent business interruption losses do extend to losses in the European Union, Iceland, Liechtenstein, Norway and Switzerland.

Premium rates

Differentiated by risk class and location.

Maximum scheme paid losses

Thus far, no indemnifications have been paid out by EXTREMUS under the main program. The severe terrorism attack on December 19, 2016 in Berlin did affect one insured, but the loss remained within the deductible.

Private reinsurance arrangements, government guarantees and structure

The private insurance market retains the first EUR 2.5 billion (including reinsurance from the private reinsurance market) along with all risks/policies under EUR 25 million. The government then provides up to a EUR 7.5 billion guarantee in excess of this retention.

Compulsory or elective?

Insurance: Elective.

Reinsurance: Elective - any market is free to offer terrorism insurance cover without cession to the pool.

India

Indian Market Terrorism Risk Insurance Pool (IMTRIP)

Terrorism risk

Medium-high

Summary

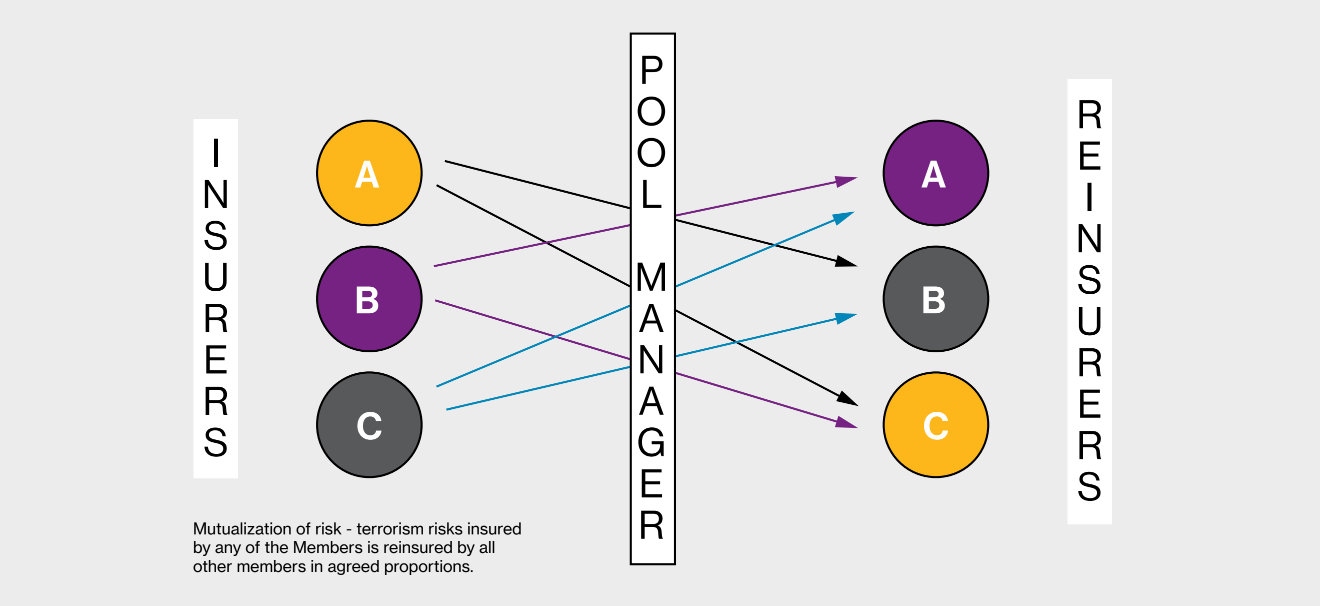
In response to the 9/11 terrorist attacks and the subsequent withdrawal of terrorism cover by international reinsurers, Indian non-life insurers set up the initiative for a reinsurance pool, and the Indian Market Terrorism Risk Insurance Pool (IMTRIP) was created in 2002. Members of the pool are responsible for reinsuring the entirety of terrorism risk on property insurance policies written by all companies. All non-life insurance companies in India are members of IMTRIP, who split shares and premiums based on the capacity they can provide. The state has no direct involvement, so funding is premium reliant.

Definition of terrorism

Terrorism is "an act or series of acts, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), or unlawful associations, recognized under Unlawful Activities (Prevention) Amendment Act 2008 or any other related and applicable national or state legislation formulated to combat unlawful and terrorist activities in the nation for the time being in force, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes.

Scope of coverage

IMTRIP offers cover for business interruption and property damage for fire insurance, industrial all risks insurance, fire section of package insurance policies, fire/engineering sections of miscellaneous policies, property section of cellular network policies, property section of engineering insurances including erection all risks insurance (EAR), marine-cum-erection (MCE), storage-cum-erection (SCE), contractor's all risks insurance (CAR), contractor's plant and machinery insurance (CPM), electronic equipment insurance (EEI), civil engineering completed risks (CECR), jeweler's block policies (Sec. I and Sec. IV), on-shore assets of port package policies, on-shore assets of off-shore package policies, stock floater policies, on-shore drilling rig equipment, advanced loss of profit cover in conjunction with CAR/EAR, any other class specifically agreed on by the pool underwriting committee. Indemnity is limited to INR 20 billion per risk/location.



Nuclear, chemical, biological and radiological cover

Not covered.

Summary of exclusions

Perils excluded: Loss by seizure or legal or illegal occupation; voluntary abandonment or vacation, loss or damage caused by confiscation, commandeering, nationalization, requisition, detention, embargo, quarantine or result of any public or government authority order, pollutants or contaminants, nuclear, chemical, biological and radiological cover, riots, cyberattack, hoax, theft.

Classes excluded: Non-property risks in fire and engineering, and miscellaneous policies, consequential loss.

Territorial scope of scheme

Indian territory only.

Premium rates

Fixed rates are decided by a Pool Underwriting Committee and differentiated by risk class and location.

Maximum scheme paid losses

The Mumbai terrorist attacks on November 26, 2008 resulted in total claims of INR 3,765 million settled by IMTRIP.

Private reinsurance arrangements, government guarantees and structure

Excess of loss reinsurance (currently INR 36 billion in excess of INR 4 billion) is placed with pool members and overseas reinsurers.

Compulsory or elective?

Insurance: Provision of terrorism insurance is not compulsory in India.

Reinsurance: Cession of all terrorism risks by Indian insurance companies to the pool is compulsory.

Israel

The Victims of Hostile Actions (Pensions) Law and The Property Tax and Compensation Fund Law

Terrorism risk
Medium-high

Summary

Originally established in 1941 to provide compensation for losses caused by war damage, the Property Tax and Compensation Fund Law was extended to include property damage resulting from hostile action (with terrorism included). Compensation is paid by the state at a percentage of the purchase tax collections allocated to the fund each year (in 2013 the rate was fixed at 15%) and by the insurance industry.

Definition of terrorism

As defined by the Israeli Supreme Court, damage from a hostile act is the "damage to property that is designed to deliberately harm the state of Israel and is motivated by hatred, hostility, vengeance etc. Hostile action includes terrorism against Israel – actions with intent to intimidate or coerce the civilian population, in furtherance of political or social objectives."

Scope of coverage

- Unlimited cover for direct damage to property (other than household contents)
- EUR 20,000 cover for direct damage to household contents (excluding jewelry, art and antiques)
- Additional coverage purchasable, costing 0.3% of the property value (up to EUR 140,000)
- Insurance cover is not limited for incorporated businesses and includes cover for indirect damage (including business interruption cover).

Nuclear, chemical, biological and radiological cover

Covered.

Summary of exclusions

Excluded classes: No cover for damage to: state-budgeted bodies, health corporations, government corporations, health maintenance organizations, higher education facilities, public institutions or non-profit organizations.

Territorial scope of scheme

Damage outside of Israel is included, such as aircraft and ships. Property damage cover can be purchased for outside of Israel for 0.5-4.5% of its value.

Premium rates

The Israeli government collects taxation to help facilitate compensation and uses this in distributions made under the Property Tax Compensation Fund.

Additional household content coverage is purchasable, costing 0.3% of the property value (up to EUR 140,000). Property damage cover can be purchased for outside of Israel for 0.5-4.5% of its value.

Maximum scheme paid losses

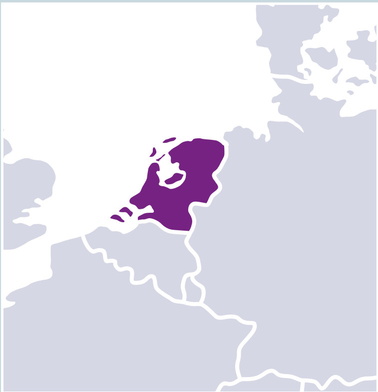
The result of 1,500 rockets targeting civilian areas in November 2012 led to claims amounting at EUR 20 million for direct damage and EUR 100 million for indirect damage. Compensation was given for those communities within 40km of the border with the Gaza Strip.

Compulsory or elective?

A certain amount of coverage is guaranteed for all Israeli residents. Additional household contents coverage may be electively purchased for amounts above the threshold amounts.

Netherlands

Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. (NHT – Dutch Terrorism Reinsurance Pool)



Terrorism risk

Low

Summary

The Dutch Terrorism Reinsurance Pool was established after the 9/11 attacks when individual insurers were no longer prepared to provide cover for damage caused by acts of terrorism. The Dutch government and the Dutch insurance industry believed that the development of a government-backed terrorist insurance scheme was necessary. The Dutch Terrorism Reinsurance Pool (NHT) was therefore founded in July 2003.

Definition of 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) in the form of an attack or a series of attacks connected in time and intention as a result whereof injury and/or impairment of health, whether resulting in death or nor, 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 organizational context – has been planned and/or carried out with a view to effect certain political and/or religious and/or ideological purposes.

Scope of coverage

The NHT provides reinsurance coverage for terrorism, malevolent contamination or precautionary measures or any conduct in preparation for terrorism. Members include insurance and reinsurance companies (life, non-life, property, automobile, liability and health insurers), while international reinsurance companies and the Dutch government provide reinsurance. Insurers remain responsible for contact with the insured and handling of claims, but each member must implement the “NHT clause” in the policy wording, which makes the terrorism cover and wording identical for all members. Indemnity is limited to EUR 75 million per policyholder/location each year and EUR 1 billion across all policies each year.

Nuclear, chemical, biological and radiological cover

Covered.

Summary of exclusions

Classes excluded: Aviation hull, aircraft liability, nuclear risks and specific insurances which cover terrorism as a named peril, other than the terrorism clause.

Territorial scope of scheme

Limited to Dutch insured risks: the insured's real estate is situated in the Netherlands, the insured's vehicle or vessel is registered in the Netherlands, the insurance on a holiday or trip is underwritten by an insurer in the Netherlands and purchased by a Dutch resident.

For all other categories, the insurance has to be purchased by a Dutch resident.

Premium rates

Insurance rates for insureds: Insurers are free to set their own terrorism premiums for their underlying policies to insurance buyers, according to normal commercial arrangements.

Reinsurance rates for members: On an annual basis, the members pay their share of the reinsurance premium and the operational cost of the NHT. The individual share is a proportional figure of the market share (gross premium income) of a member company.

Maximum scheme paid losses

No reported losses to date.

Private reinsurance arrangements, government guarantees and structure

The EUR 1 billion aggregate limit includes reinsurance cover from international reinsurance markets as part of a three-layered program:

- First – market retention, up to an annual aggregate of EUR 200 million, to be co-insured by direct insurers;
- Second – a EUR 750 million reinsurance layer underwritten by the international reinsurance market in excess of the market retention;
- Third – EUR 50 million government surety in excess of private market participation.

Compulsory or elective?

Insurance: Elective.

Reinsurance: Elective, however 95% of all insurance companies in the Netherlands are members. Those insurers who are members do, however, have to agree that the Pool decides if an event meets the definition of terrorism and decides about payment to the member companies in case of losses due to terrorism.

Russia

RATIP (Russian Antiterrorism Insurance Pool)

Terrorism risk
Medium-high

Summary

The increase in the number of terrorist attacks at the end of the twentieth century and beginning of the twenty first century highlighted the need to provide reliable insurance protection against terrorism risks. Individual insurance companies do not always have sufficient financial resources to provide insurance for large industrial, transport and other businesses from the risk of terrorism. To provide cover, they need strong reinsurance protection and the support of other participants in the insurance market. To meet the growing demand for reinsurance capacity, Russian insurers pooled their resources. The Russian Antiterrorism Insurance Pool (RATIP) was therefore established on December 20, 2001 by Russia's six leading insurance companies.

Definition of terrorism

Terrorism is the perpetration of an explosion, arson or any other action (or threat of action) endangering the lives of people, causing sizeable property damage or entailing other socially dangerous consequences, if these actions have been committed for the purpose of violating public security, frightening the population or exerting influence on decision-making by government.

Scope of coverage

RATIP acts as an independent Russian reinsurer against the risks of terrorism, sabotage, strike, riot and civil commotions (SRCC) and Political Violence. These risks covered relate to property insurance contracts, including construction risks. Risks eligible for coverage (irrespective of whether they were taken on the basis of contracts of direct insurance, coinsurance or incoming facultative reinsurance) are property insurance of legal entities against fire and other perils, machinery breakdown, insurance of electronic devices, insurance of construction risks, insurance losses from business interruption (only in addition to property coverage), cargo insurance, insurance of railway vehicles, car insurance (owned by legal entities), property insurance for individuals (excluding insurance of motor vehicles owned by individuals) and third-party liability, with a total capacity of USD 240 million.

Nuclear, chemical, biological and radiological cover

Not covered.

Summary of exclusions

Perils excluded: Chemical, biological, biochemical, nuclear or radioactive exposures, exposure to asbestos of any type, mysterious disappearance or unexplained loss, effects of mold, fungi and spores or other microorganisms, cyberattack.

Classes excluded: Property section exclusions are airplanes or any other aerial device or vessel; any ship or riverboat, animals, plants and living creatures of all kinds.

Territorial scope of scheme

RATIP covers risks located in Russia, former Soviet Union countries and overseas risks with Russian interests.

Premium rates

Differentiated by risk class and location.

Maximum scheme paid losses

Since its foundation, RATIP has paid seven claims, most of which were related to Russian embassies in Syria, Afghanistan and Indonesia. RATIP's loss ratio since its launch is 5.2%.

Private reinsurance arrangements, government guarantees and structure

The USD 240 million capacity includes reinsurance cover from international reinsurance markets as part of a two-layered program:

- First – market retention, up to an annual aggregate of USD 20 million, to be co-insured by direct insurers;
- Second – a USD 220 million reinsurance layer underwritten by the Lloyd's markets in excess of the market retention.

Compulsory or elective?

Insurance: Elective.

Reinsurance: Membership in the pool is elective, but reinsurance of terrorism risks is compulsory for all members of RATIP.

South Africa

South African Special Risk Insurance Association – SASRIA SOC LTD

Terrorism risk
Low

Summary

Sasria was formed in 1979 after the increase in protests following the 1976 Soweto uprisings. During the period, the insurance industry decided it could no longer underwrite losses arising from politically motivated acts of civil disobedience. Since there was no insurance covering assets against strikes and riots available in the private sector, the South African government and the South African Insurance Association decided to form a short-term insurance company focusing on political risk. The scheme's mandate was extended in 1998 to cover non-political perils such as strikes, labor disturbances and terrorism. Sasria was also converted form a non-profit organization to public insurance company.

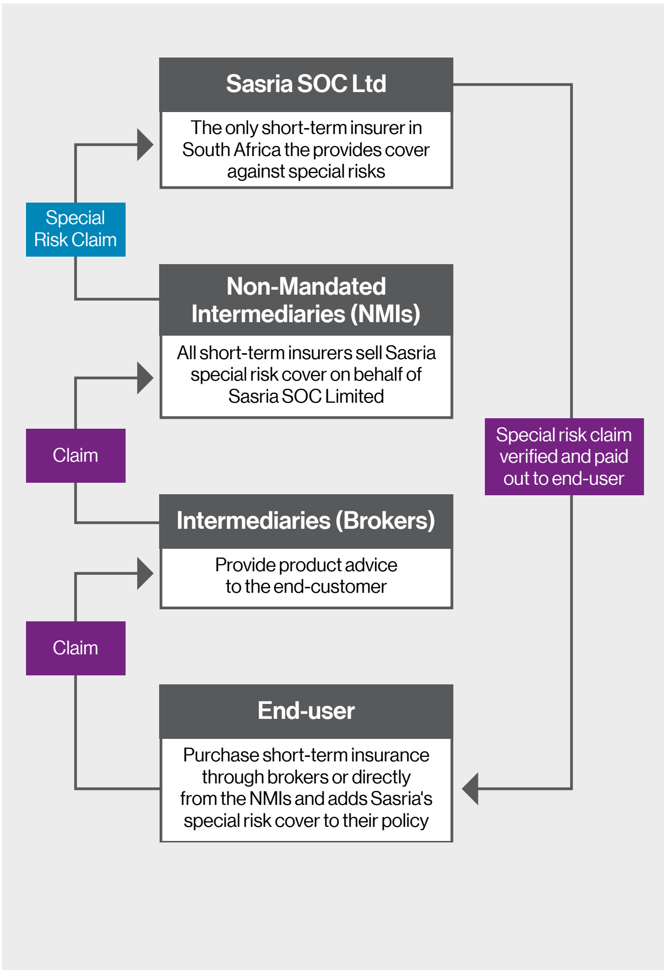
Definition of terrorism

No clear definition of terrorism is included within Sasria but, as evidenced in Sasria vs. Elwyn Investments (Pty) Ltd (relating to there being no clear definition of riot within Sasria), it may ultimately come to the courts to decide. Sasria does however include the following definitions:

i) any act (whether on behalf of any organization, body or person, or group of persons) calculated or directed to overthrow or influence any State or government, or any provincial, local or tribal authority with force, or by means of fear, terrorism or violence;

ii) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or government, or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public, or any section thereof;

However, in the cover Nuclear, chemical and biological exclusion, terrorism is defined as follows and so this definition might ultimately be used for the coverage determination:



For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or personal purposes or reasons including the intention to influence any government and /or to put the public, or any section of the public in fear.

Scope of coverage

Sasria provides cover for personal and commercial property: material damage, business interruption, money, goods in transit, and motor and construction risk. Sasria sells insurance cover through all registered insurance companies which act as agencies. Its cover is sold as an add-on to existing insurance policies. In essence, this means that all day-to-day administration and collection of premiums is undertaken by insurance companies, and Sasria only ever comes into direct contact with a client in the event of the settlement of a claim. Indemnity is limited to ZAR 500 million any one insured each year, but can also offer an optional excess of loss Wrap Coupon of up to ZAR 1 billion.

Nuclear, chemical, biological and radiological cover

Not covered.

Summary of exclusions

Perils excluded: Nuclear, chemical, biological and radiological.

Classes excluded: Life, personal injury.

Territorial scope of scheme

South African territory only.

Premium Rates

Insurance: Rates are applied as a percentage of insured value and vary according to the risk as per below:

- Domestic risks – 0.003%
- Commercial risks – 0.0120%
- Business interruption – 0.021%
- True commercial – 0.0528%

Reinsurance: Insurers act as Non-Mandated Intermediaries who underwrite and collect premium on behalf of Sasria. Insurance premiums must be paid to Sasria within 30 days from the end of the month in which Sasria cover commences, however insurers are entitled to retain a processing fee up to 27.5% of the premium.

Maximum scheme paid losses

The incurred claims for the 2016 and 2017 financial years amounted to ZAR 587 million and ZAR 767 million respectively.

Private reinsurance arrangements, government guarantees and structure

Sasria is protected by a catastrophe reinsurance treaty underwritten by the global reinsurance market against event losses in excess of company retention. With regard to wrap cover policies, it retains only 20% of risk, and the remaining risk is reinsured to the global reinsurance market. In addition, there is a government guarantee of ZAR 1 billion.

Compulsory or elective?

Insurance: Elective, but if terrorism cover is purchased, it must first be from Sasria.

Reinsurance: Sasria is a specialist insurer for which a coupon attaches to an insurance policy. Therefore, it is effectively compulsory to be attached by the insurer to any policy where terrorism is purchased.

Spain

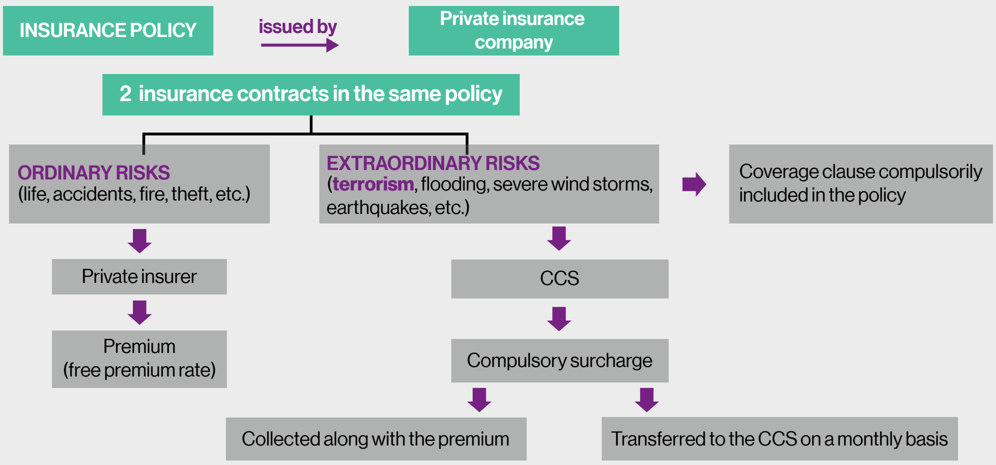
Consorcio de Compensación de Seguros (CCS)

Terrorism risk

Very low

Summary

Consorcio de Compensación de Seguros (CCS) is not a pool, but a state-owned enterprise that performs several functions in service of the Spanish insurance sector. Probably its most important function is its management of the Extraordinary Risks Insurance Scheme, which comprises natural (flood, windstorm, earthquake, tsunami, etc.) and man-made risks, terrorism being included in the latter. This is a public-private partnership insurance solution defined by law, for which CCS provides coverage whenever these risks are not covered directly and explicitly by the private insurer.



Definition of terrorism

The Spanish Criminal Code (article 573 of 1995, modified in March 2015) defines terrorism according to the objective of the attack, and not by the way of performing it. The aims that classify an offense as terrorism are: to subvert the Constitutional order or severely de-stabilise public institutions or economic structures, severely alter public tranquility, severely de-stabilise the functioning of an international organization or provoke a state of terror in the people or a part of it.

Scope of coverage

In Spain, it is compulsory to extend the cover of extraordinary risks for most insurance lines of property (residential, commercial, industry, civil works, and motor and railway vehicles), life, personal accidents and business interruption. In the event that these extraordinary risks (totally or partly) are not covered by the original issuer of the policy, CCS would automatically cover the damages for the same amounts and conditions in the original policy, provided that none of these risks are expressly assumed by the insurer issuing the base policy. Therefore, policies in these areas are in practice dual: one standard policy issued by the commercial (private) insurer and another one for which CCS covers the extraordinary risks (terrorism included).

Nuclear, chemical, biological and radiological cover

Spanish law does not make distinctions among the ways of performing a terrorist attack, and the law regulating the extraordinary risks insurance scheme specifies that terrorism is covered. These both imply that NCBR terrorist attacks would be covered by CCS in the same way as other means of terrorism.

Summary of exclusions

Perils excluded: In principle, no terrorist perils are excluded.

Classes excluded: Third-party liability, transport, construction, aircraft, marine, agricultural, travel insurance.

Additional information: Consequential/contingent losses, other than direct business interruption, are not covered - specifically, those losses incurred as a result of the disruption or cutting off of the external supply of electrical power. Also, business interruption is not covered if there is no material damage in the event as a whole.

Territorial scope of scheme

CCS coverage of the extraordinary risks, including terrorism, are the same for all of Spanish territories. Additionally, CCS coverage is extended to the personal injuries of Spanish (national or resident) policyholders abroad meaning that all Spanish life and/or accident policyholders have their personal injuries covered as a result of terrorist attacks anywhere in the world.

Premium rates

Insurance rates for insureds: There is a flat rate to extend the cover for extraordinary risks, reflected in a surcharge payable by the policyholder when purchasing an in scope policy. This surcharge is calculated considering risks and claim rates globally with tariffs depending on the line of insurance and on the type of exposure, applied against the sum insured (except for motor). Current rates include:

Property loss: Residential, 0.07‰; offices, 0.12‰; other commercial and industrial risks, 0.18‰. Up to 30% discount available for sums insured in excess of EUR 600 million, varying by exposure. Public works varies from 0.28‰ to 1.63‰ depending on exposure type.

Motor: Flat Rate. Cars - EUR 2.10; Motorcycles - EUR 1.20 Lorries - EUR 9; Industrial vehicles - EUR 10.50; varies from EUR 0.30 to EUR 26.60 for other vehicle types.

Personal injury: Life and general accident cover – 0.003‰; Travel (whilst in transit, excluding the duration of a stay) – 0.00025‰.

Business interruption: Housing – 0.0035‰; other – 0.18‰.

Reinsurance rates for members: The above premiums are transferred on a monthly basis by the insurance companies to CCS, after retention of 5% for handling costs.

Maximum scheme paid losses

At current prices, CCS's most expensive losses from terrorism events were an ETA (the terrorist organization Euskadi Ta Askatasuna) attack on a telephone exchange building in 1982 (EUR 55 million), an ETA attack on a multi-storey car park at Madrid Airport in 2006 (EUR 49/50 million) and the Madrid train bombings, of jihadi origin, in 2004 (EUR 50 million, mostly personal injury). Around 6% of all claims paid by CCS have been due to terrorism.

Private reinsurance arrangements, government guarantees and structure

The current level of the equalization reserve for extraordinary risks is deemed high enough, so no reinsurance arrangement is in place or foreseen. There is a state guarantee in case losses exceed CCS capacity. However, this state guarantee has never been invoked in the scheme's existence, and there is no legal impediment for CCS to be reinsured.

Compulsory or elective?

Insurance: Compulsory. The extension of the cover in the said policy lines to cover the extraordinary risks, and therefore terrorism, is compulsory. Insurance itself is not (with the exception of motor vehicle insurance).

Reinsurance: CCS is a specialist Extraordinary Risk Scheme which attaches to an insurance policy. Therefore, it is effectively compulsory to be attached to any covered policy line by the insurer.

United Kingdom

Pool Re

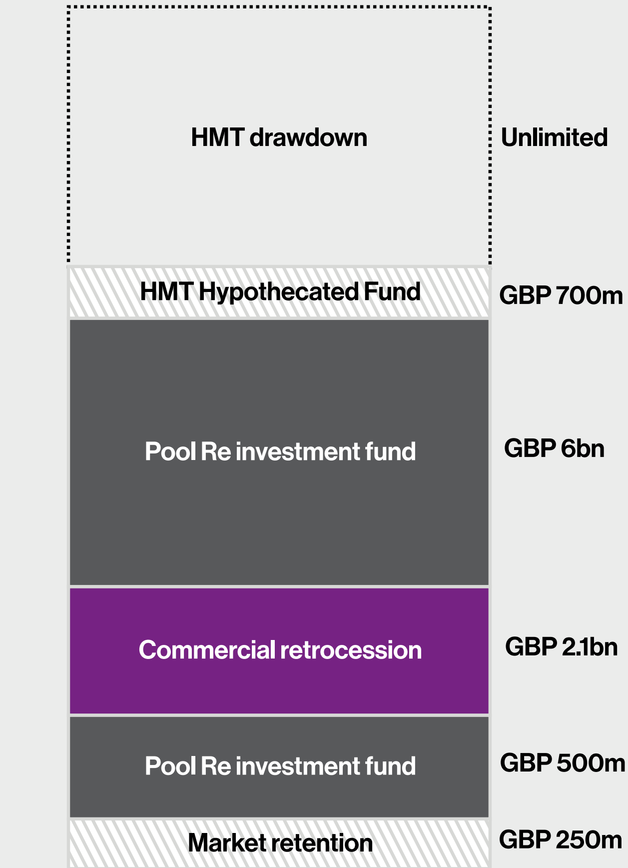
Summary

Pool Re was established in 1993 in response to an insurance market failure triggered by the terrorist bombing of London's Baltic Exchange. The actual and prospective costs of the Provisional IRA's mainland bombing campaign in the 1990s led reinsurers to withdraw cover for terrorism-related damage, which compelled insurers to follow suit. Pool Re was founded by the insurance industry in cooperation with, and funding from, Her Majesty's Treasury, to create a private-sector solution in support of a public policy objective. The scheme is owned by its members but is underpinned by an HM Treasury commitment to support Pool Re if ever it has insufficient funds to pay a legitimate claim.

Terrorism risk
Low

Definition of terrorism

Acts of persons acting on behalf of, or in connection with, any organization which carries out activities directed toward the overthrowing or influencing, by force or violence, of Her Majesty's government in the United Kingdom or any other government de jure or de facto.



Scope of coverage

Pool Re's primary role is to enable the U.K. commercial market to underwrite the threat of terrorism to commercial property at relatively risk-reflective rates, by mitigating their exposure to the catastrophic losses associated with major attacks. The scheme provides comprehensive cover for damage to commercial property and associated business interruption costs. Most types of commercial property are covered: buildings, their contents, site property, construction projects, and plant and machinery. The scheme does not protect private property, although it can cover residential property insured by a business.

Nuclear, chemical, biological and

radiological cover

Covered since 2003.

Summary of exclusions

Perils excluded: War.

Limited cover for: computer hacking, virus and denial of service attack (property damage required).

Classes excluded: Marine, aviation or transit policies, motor (auto) policies, reinsurance business, general liability life or personal injury insurance.

Additional information: The scheme does not cover damage to nuclear installations or reactors as this fall within the remit of a separate scheme (Pool Re Nuclear).

Territorial scope of scheme

Only covers risks located in England, Scotland or Wales. Excludes Northern Ireland, the Isle of Man and the Channel Islands.

Premium rates

Insurance rates for insureds: Insurers are free to set their own terrorism premiums for their underlying policies to insurance buyers, according to normal commercial arrangements.

Reinsurance rates for members: Premiums are paid to members by policyholders, and members must remit the corresponding reinsurance premium to Pool Re within one month of the close of the quarter in which those terrorism risks had attached. No reinsurance commission is paid to members by Pool Re. However, members decide to pay whatever intermediary commission they may determine.

Reinsurance premiums are calculated as a percentage of the sum insured in accordance with the postcode of the property being reinsured. Each postcode is assigned to one of four Tiers, Tier A (0.033%), Tier B (0.030%), Tier C and D (0.006%) having regard to the population density in a postcode area. The business interruption rate is 0.019%, regardless of the postcode. Further discounts are available for certain exposure types and first loss limits.

Maximum scheme paid losses

Pool Re has paid total claims of GBP 635 million with respect to 16 separate certified terrorism claims, the largest being a loss of GBP 262 million after the Bishopsgate bombing in April 1993.

Private reinsurance arrangements, government guarantees and structure

Pool Re obtains reinsurance cover on behalf of all its members from the professional reinsurance markets (first purchased in 2015) as part of a multi-layered program:

- First – market retention, being GBP 250 million per event and GBP 400 million in the annual aggregate, to be co-insured by direct insurers;
- Second – GBP 500 million payable out of the Pool Re Investment Fund in excess of the market retention;
- Third – a reinsurance layer underwritten by the international reinsurance market, being GBP 2.1 billion in excess of the first GBP 500 million and market retention as of 2018;
- Fourth – the remainder of the Pool Re Investment Fund in excess of the underlying layers, standing at almost GBP 6 billion (overall fund being almost GBP 6.5 billion, with the first GBP 500 million being in the second layer) as of 2018;
- Fifth – government surety in case of exhaustion of all other funds and reinsurance provisions including initial payment from a Hypothecated Fund.

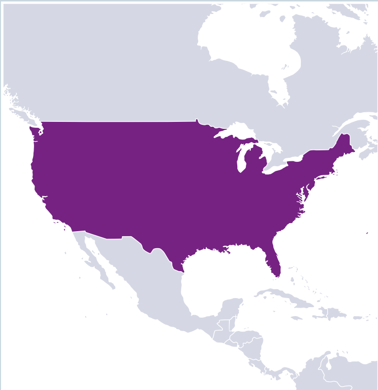
Compulsory or elective?

Insurance: Elective. However, if the insurance buyer accesses Pool Re on one policy, they must purchase and access it on all in scope policies (the “All or Nothing” principle).

Reinsurance: Insurers may elect to be a member, but it is compulsory for members to offer Pool Re coverage on all in scope insurance policies and cede all in scope terrorism risks to the pool.

United States of America

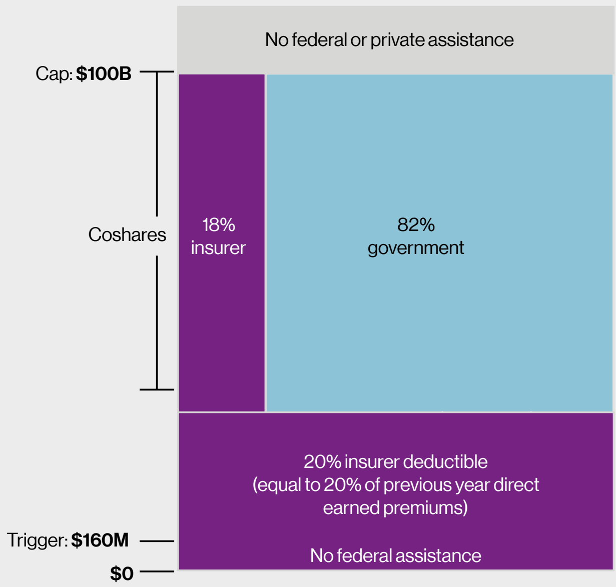
TRIP (Terrorism Risk Insurance Program)/FIO (Federal Insurance Office)



Terrorism risk
Medium-low

Summary

Prior to the 9/11 attacks, most standard commercial property and casualty insurance policies in the United States did not exclude coverage for losses resulting from terrorism. The events of September 11, 2001 resulted in approximately USD 44 billion of property and casualty insurance losses (2016 figures), of which more than two-thirds was paid by reinsurers to insurers. Subsequently, the Terrorism Risk Insurance Act of 2002 (TRIA) was enacted and requires insurers to make coverage available for terrorism risk on certain lines of commercial property and casualty insurance. To assist insurers with this financial exposure, the Terrorism Risk Insurance Program (TRIP or Program) was established, under which certain losses resulting from a certified act of terrorism are eligible for reimbursement.



Note: Trigger rises to USD 180 million in 2019 and USD 200 million in 2020; coinsurance rises to 19% in 2019 and 20% in 2020.

Definition of terrorism

An "act of terrorism" is an act certified by the U.S. Secretary of the Treasury, in consultation with the Attorney General of the United States and the U.S. Secretary of Homeland Security, to:

- Be an act of terrorism;
- Be a violent act that is dangerous to human life, property or infrastructure;
- To have resulted in damage within the United States; and
- To have been committed by an individual or individuals as part of an effort to coerce the U.S. civilian population or influence U.S. government policy or conduct through coercion.

Scope of coverage

TRIP-eligible lines of coverage include most types of commercial property and casualty insurance (subject to defined exceptions), including: fire and allied lines, commercial multiple peril (liability and non-liability portions), ocean marine, inland marine, workers' compensation, other liability, products liability, aircraft (all perils), and boiler and machinery. The program has a statutory annual cap of USD 100 billion.

Nuclear, chemical, biological and radiological cover

Government reimbursement is available if the loss is covered under the policy and otherwise arises from a certified act of terrorism.

Summary of exclusions

Perils excluded: War (except for workers' compensation insurance). No other perils are excluded by the terms of TRIP, although a peril excluded by the policy would not be subject to reimbursement under the Program.

Classes excluded: Crop insurance, flood insurance, earthquake insurance, private mortgage insurance or title insurance, financial guaranty insurance, medical malpractice insurance, health or life insurance, reinsurance or retrocessional reinsurance, commercial automobile insurance, burglary and theft insurance, professional liability insurance, surety insurance, farm owners multiple peril insurance, reinsurance.

Additional information: Although NCBR events are not excluded, it is necessary to look at the ambit of the contract as TRIA covers insured losses as defined by the terms of the relevant insurance cover.

Territorial scope of scheme

Coverage only in the United States (although losses to certain U.S.-based vessels overseas and to U.S. missions are covered as well).

Premium rates

Insurance rates for insureds: Insurers are free to set their own terrorism premiums for their underlying policies to insurance buyers, according to normal commercial arrangements. Premiums charged by insurers on individual policies are typically a portion of the total premium for the policy in question. Whilst in many cases this is very small (1-2%) and in some situations cover is provided for no additional charge, these amounts can vary by jurisdiction, locality and line of coverage (in some cases up to 43%).

Reinsurance rates for members: The program does not purchase private reinsurance in connection with the payment obligations existing under it, nor does the Treasury charge a premium to participating insurers for the protection provided by the program. In the event that federal payments are made to insurers under the program, TRIA includes a mechanism for the Secretary to recoup "terrorism loss risk-spreading premiums" from insurers. This applies to all insurers of TRIP-eligible lines.

Maximum scheme paid losses

Thus far, the Secretary has not certified any event as an "act of terrorism" under TRIA, and no losses have been reimbursed by the program.

Private reinsurance arrangements, government guarantees and structure

The US government provides a reinsurance backstop to all licensed insurers up to USD 100 billion in the aggregate per year, but the insurers must retain:

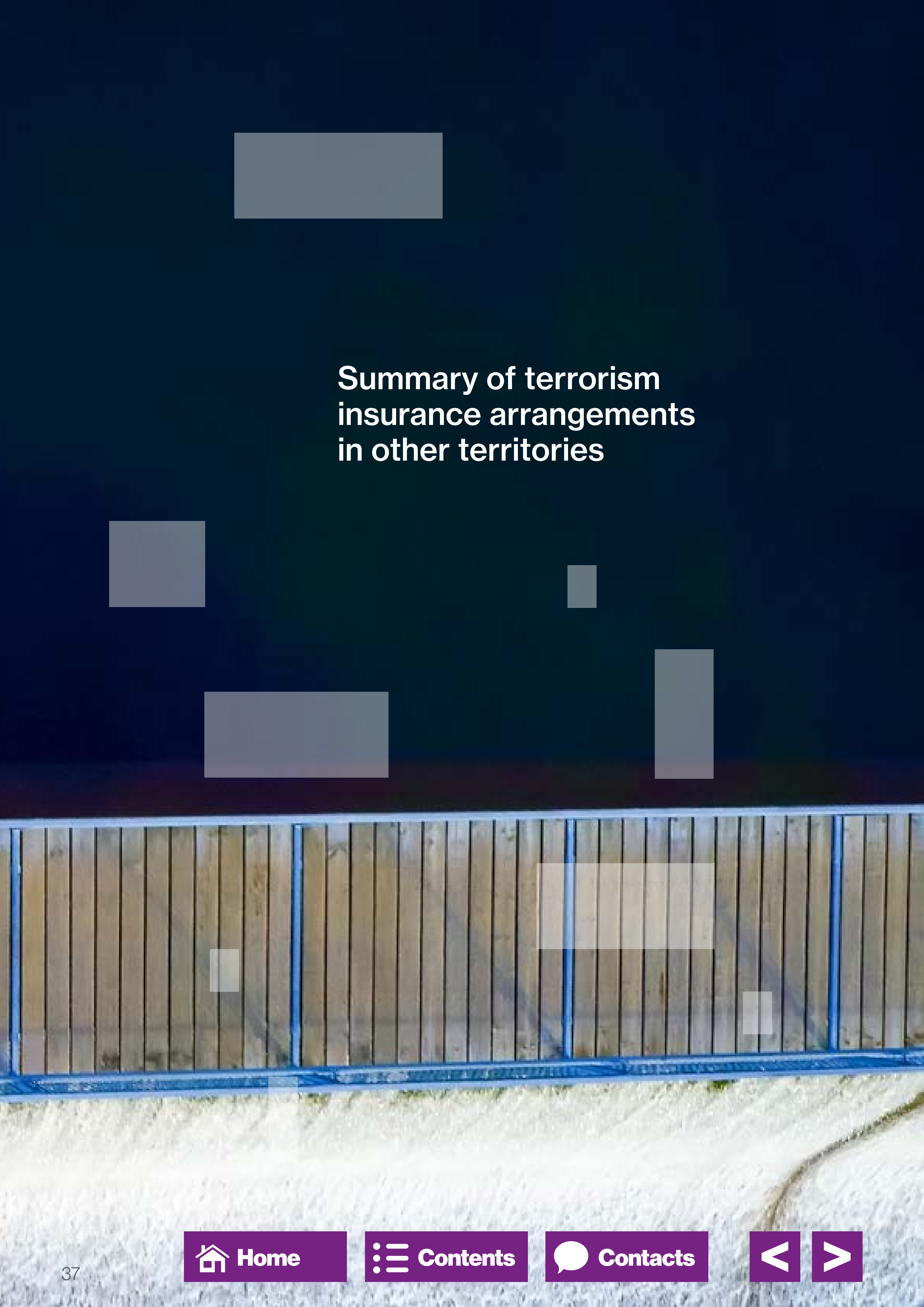
- Any insurance industry-wide losses below USD 160 million in the aggregate per year (rising to USD 180 million in 2019 and USD 200 million in 2020);
- A deductible equal to 20% of their previous year's direct earned in scope premium;
- A co-insurance in excess of the deductible of 18%, rising to 19% in 2019 and 20% in 2020.

Insurers that write terrorism risk insurance often obtain private reinsurance for some portion of the terrorism risk that they retain that is not subject to reimbursement through the program.

Compulsory or elective?

Insurance: Elective (unless required as a matter of State law, which is the case concerning workers' compensation).

Reinsurance: Elective although insurers may retain or reinsure any terrorism risk via any route they so wish such as using TRIP, the private reinsurance market or a combination of both, but TRIP coverage is automatically available to US licensed insurers.



Summary of terrorism insurance arrangements in other territories

Terrorism risk
Per country

Africa

African Trade Insurance Agency (ATI)

In 2001, ATI was launched as a pan-African institution providing political risk insurance to member African countries. ATI helps insurance companies in the member countries that offer coverage against property damage and business interruption as a consequence of political violence and terrorism but who have insufficient capacity for coverage. The political violence that erupted in Kenya after the 2007 general election and the Westgate Mall terrorist attack in 2013 (for which ATI contributed to nearly USD 50 million in paid losses) illustrate a demand for such cover, with the latter prompting a particular demand in property damage policies. The ATI currently boasts membership from 14 countries and substantial institutional support. The terrorist threat in East Africa is high, and Kenya is arguably the most vulnerable since its intervention in Somalia in 2011 resulted in the Al-Shabaab terrorist group declaring war on the country.

Terrorism risk of membership countries

Benin – Low	Malawi – Extremely low
Burundi – Medium	Rwanda – Low
Côte d'Ivoire – Medium	South Sudan – High
Democratic Republic of Congo – High	Tanzania – Low
Ethiopia – Medium	Uganda – Low
Kenya – Medium-high	Zambia – Extremely low
Madagascar – Extremely low	Zimbabwe – Extremely low

Terrorism risk
Medium-low

Bahrain

The Arab War Risks Insurance Syndicate (AWRIS)

Originally established in 1981 to protect local markets and provide war cover during the Iran-Iraq War, AWRIS allows member Arab countries, and in-country insurers that sign up to the scheme, to purchase reinsurance for terrorism and strikes, riots and civil commotion risks through Lloyd's as well as other main European reinsurers. AWRIS now boasts membership of 187 insurance companies from 18 Arab countries and provides a successful pan-Arab partnership. It regularly reviews rates to help minimize competition, increase the capacity in the region, ensure adequate coverage for members and fairly distribute annual profits made by AWRIS.

Terrorism risk
Very low

Finland

Finnish Terrorism Pool

The Finnish Terrorism Pool was created in 2008 to provide a final level of reinsurance in case of a catastrophic event or major terrorism loss occurrence and all traditional measures fall short. Membership is elective, however only two insurance companies in Finland are not part of the scheme. The pool is designed to respond to loss only after all other remedies are exhausted in traditional reinsurance markets.

Terrorism risk
Medium-low

Hong Kong

The Motor Insurance Bureau (MIB) – Hong Kong Motor Terrorist Pool

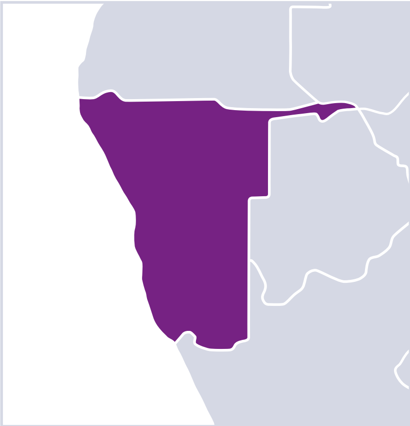
Under the umbrella of the MIB, the pool was established in 2002 to solely cover claims made by innocent persons injured in a terrorist attack in Hong Kong only in incidents where a motor vehicle was used as the weapon. The pool retains a limited facility of up to HKD 200 million from the MIB's "First Fund."

Terrorism risk
Significant

Indonesia

Indonesian Terrorism Insurance Pool (MARIEN)

Established in 2001, MARIEN is an elective institution that operates without government involvement and, since its inception, provides terrorism and sabotage coverage for all property (excluded in local property policies). Following recent attacks in 2018, such as three suicide bombers of one family who targeted three churches in the capital, the President Director of MARIEN announced that business interruption is now included in their terrorism and sabotage product. However, strikes, riots and civil commotion, insurrection, revolution, civil and other war, dispossession of locked out workers and invasion are all still excluded.



Terrorism risk
Extremely low

Namibia

Namibia Special Risks Insurance Association (NASRIA)

In 1987, NASRIA was formed to provide reinsurance for politically motivated acts, which were common in the years before independence and were excluded in the insurance market. Although membership is elective, it was granted a monopoly over special risks reinsurance with backing provided by the government. After Namibia gained independence, the lines between a politically and non-politically motivated violent act became more complex, and so cover was extended in an amended Finance Act to later include property damage and consequential loss caused by strike, riot and civil commotion; acts to overthrow or influence any state or government or local authority by means of fear, terrorism or violence; acts with a political objective or to bring about social or economic change, or in protest against (authority) or for the purpose of inspiring fear in any section of the public. Since inception, NASRIA has thus far earned over NAD 200 million in premiums from claims.

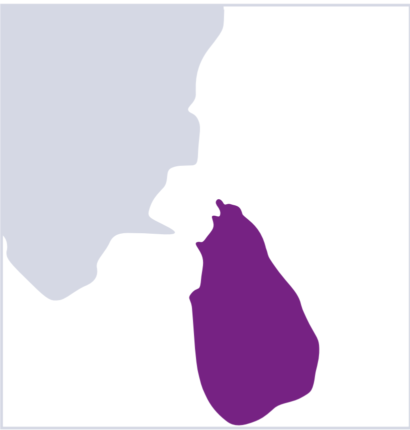
Terrorism risk
Low

Northern Ireland

Criminal Damage (Compensation)(Northern Ireland) Order 1977

The scheme provides a right to claim compensation for malicious or wanton damage to agricultural property, and for non-agricultural property where it can be shown that the damage was caused: a) unlawfully, maliciously or wantonly by three or more persons unlawfully, riotously or tumultuously assembled together; or b) as a result of an act committed maliciously by a person acting on behalf of, or in connection with, an unlawful association an act of terrorism.

Anyone who has an interest in the property which has been damaged in any of the circumstances described above and who suffers a loss of more than GBP 200 because of that damage may apply for compensation under the Scheme.



Terrorism risk
Low

Sri Lanka

Strike, Riot, Civil Commotion and Terrorism (SRCC & T) Cover of the National Insurance Trust Fund

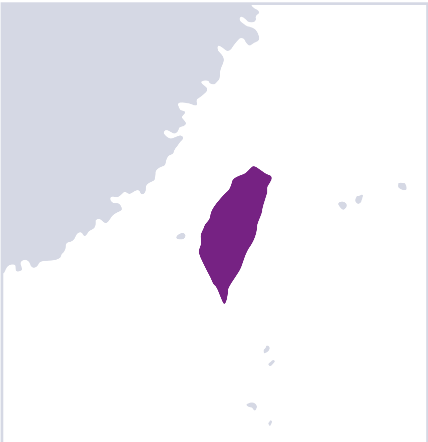
Established in 1987, the SRCC & T fund provides reinsurance for strikes, riot, civil commotion and terrorism activities as an elective extension to basic insurance policies issued by its member companies. In 2006 it was absorbed by the National Insurance Trust Fund (NITF), a public insurance agency. It currently holds 16 members, all of whom are Sri Lankan insurance companies, and provides coverage for all property loss or damage caused by strikes, riots, civil commotion and & terrorism acts within the geographical limits of Sri Lanka.

Switzerland

Terrorism Reinsurance Facility

The facility was established in 2003 and allows insurers to cede all property risks for terrorism reinsurance. All primary property policies incepted after its establishment with insured excess of CHF10 million exclude terrorism risks and are thus covered by the facility.

Terrorism risk
Extremely low



Taiwan

Taiwan Terrorism Insurance Pool

Established in 2004, the pool provides terrorism coverage for personal accident business in order to share the risk among private insurance companies and the Central Reinsurance Corporation (Central Re). Administered by Non-Life Insurance Association in Taiwan, the scheme is capped at USD 31 million.

Terrorism risk
Extremely low

Summary of pools

Country/Pool	Scope of cover	NCBR cover	Exclusions	Premium rates	Reinsurance and government	Compulsory or Elective
Australia Australian Reinsurance Pool Corporation (ARPC)	Commercial risks, industrial risks, construction risks and farming (where the farmer has BI insurance covering their farm)	Chemical and biological covered, nuclear and radiological risks are not	**Perils:** Nuclear risks, travel, cybercrime **Classes:** Residential property, government assets, marine, motor, workers compensation, life, aviation, railway stock and tram stock, financial products	**Insurance:** Insurers can set commercially **Reinsurance:** Between 2.6% and 16% dependent on location/postcode	**Reinsurance:** AUD 3 billion **Government:** AUD 10 billion guarantee	**Insurance:** Compulsory to include cover **Reinsurance:** Elective for insurers to participate in ARPC scheme
Austria Oesterreichischer Versicherungspool zur Deckung von Terrorisiken	Most property lines (industrial, commercial and private), other than transport insurance	Not covered	**Perils:** Biological risks, chemical risks **Classes:** Non damage business interruption, liability, marine, aviation and transportation	**Insurance:** Insurers can set commercially **Reinsurance:** Between 0.75% and 12% dependent on membership	**Reinsurance:** EUR 100 million (EUR 200 million in the aggregate)	**Insurance:** Elective for most lines **Reinsurance:** Elective for insurers to participate in the scheme
Belgium TRIP (Terrorism Reinsurance and Insurance Pool)	Most property and casualty lines	Bacteriological and chemical risks covered, nuclear and radiological risks are not	**Perils:** Nuclear **Classes:** Nuclear facilities and energy, railway rolling stock, aircraft and ships	**Insurance:** Insurers can set commercially **Reinsurance:** Proportional contribution for pool reinsurance and running costs	**Reinsurance:** EUR 651 million **Government:** EUR 300 million	**Insurance:** Compulsory to include cover in "mass" insurance policies **Reinsurance:** Elective for insurers to participate in TRIP scheme
Denmark TIPNLI (Danish Terrorism Insurance Pool for Non-Life Insurance)	NCBR only	Covered	**Perils:** non-NBCR perils **Classes:** Life insurance	**Insurance:** Insurers can set commercially **Reinsurance:** Proportional contribution for pool tariff	**Government:** DKK 15 billion	**Insurance:** Elective **Reinsurance:** Compulsory for Danish companies who write NCBR cover
France GAREAT (Gestion de l'Assurance et de la Réassurance des Risques Attentats et Actes de Terrorisme)	Comprehensive cover for damage and business interruption to industrial, commercial and home owner properties	Covered	**Classes:** Construction liability, aircraft hull insurance, marine hull, cargo and railway rolling stock insurance, , bodily injury, third party liability, non damage business interruption, overseas business interruption	**Insurance:** Insurers can set commercially **Reinsurance:** Pre-set rates depending on sums insured per policy	**Reinsurance:** EUR 2.1 billion large risks scheme, EUR 355 million small/medium risks scheme **Government:** Unlimited guarantee	**Insurance:** Compulsory to include cover **Reinsurance:** Compulsory for large risks, elective for small/medium risks
Germany Extremus	Commercial property damage and business interruption	Not Covered	**Perils:** NCBR **Classes:** Aviation, marine, life, personal accident	**Insurance:** Insurers can set commercially **Reinsurance:** Pre-set rates depending on sums insured per policy	**Reinsurance:** purchased within first EUR 2.5 billion market retention **Government:** EUR 7.5 billion	**Insurance:** Elective **Reinsurance:** Elective
India Indian Market Terrorism Risk Insurance Pool (IMTRIP)	Fire Insurance, Industrial All Risks Insurance, Property section of Engineering insurance, Property section of package/miscellaneous insurances	Not Covered	**Perils:** NCBR **Classes:** Aviation, marine, life, personal accident	Fixed rates are decided by a Pool Underwriting Committee and differentiated by risk class and location	**Reinsurance:** INR 36 billion in excess of INR 4 billion	**Insurance:** Elective **Reinsurance:** Compulsory for all Indian insurers to cede to the pool
Israel The Victims of Hostile Actions (Pensions) Law and The Property Tax and Compensation Fund Law	Direct damage to property and household contents	Covered	**Classes:** State-budgeted body, health, government, higher education, public institutions or non-profit organization	Payable by taxes. Additional cover between 0.3%-4.5%	**Government:** percentage of the purchase tax collections allocated to the fund each year	Coverage is guaranteed for all Israeli residents
Netherlands Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. (NHT - Dutch Terrorism Reinsurance Pool)	Most property and casualty lines	Covered	**Classes:** Aviation hull, aircraft liability, nuclear risks and specific insurances which cover terrorism as a named peril, other than the terrorism clause	**Insurance:** Insurers can set commercially **Reinsurance:** Proportional contribution for pool reinsurance and running costs	**Reinsurance:** EUR 750 million **Government:** EUR 50 million	**Insurance:** Elective **Reinsurance:** Elective
Russia RATIP (Russian Antiterrorism Insurance Pool)	Most property and casualty lines	Not Covered	**Perils:** NCBR, cyberattack **Classes:** Airplanes/other aerial devices or vessels, ships or riverboats, animals	Differentiated by risk class and location	**Reinsurance:** USD 220 million	**Insurance:** Elective **Reinsurance:** Elective for insurers to participate, but all members must cede to the pool
South Africa South African Special Risk Insurance Association - SASRIA SOC LTD	Personal and commercial property, material damage, business interruption, money, goods in transit and motor and construction	Not Covered	**Perils:** Nuclear, chemical, biological and radiological **Classes:** Life, personal injury	**Insurance:** Between 0.003% - 0.0528% dependent on risk profile **Reinsurance:** Above rates paid to SASRIA, less a processing fee	**Reinsurance:** Protection varies by cover **Government:** ZAR 1 billion guarantee	**Insurance:** Elective **Reinsurance:** All terrorism insurance must be purchased via SASRIA
Spain Consorcio de Compensacion de Seguros (CCS)	Most property lines, life, personal accident, and business interruption	Implied coverage	**Classes:** Third-party liability, transport, construction, aircraft, marine, agricultural and travel	**Insurance:** Between 0.00025‰ - 1.63‰ dependent on risk profile. Flat rates for motor, between EUR 0.30 - EUR 26.60 **Reinsurance:** Above rates paid to CCS, less a processing fee	**Government:** State guarantee, never been invoked	**Insurance:** Compulsory **Reinsurance:** All terrorism insurance must be purchased via CCS
United Kingdom Pool Re	Commerical property damage and business interruption	Covered	**Limited cover:** computer hacking, virus and denial of service attack **Classes:** Marine, aviation or transit policies, motor (auto) policies, reinsurance business, general liability, life or personal injury insurance	**Insurance:** Insurers can set commercially **Reinsurance:** Between 0.006% and 0.033% dependent on location/postcode	**Reinsurance:** GBP 2.1 billion **Government:** Unlimited	**Insurance:** Elective **Reinsurance:** Elective for insurers to participate, but all members must cede to the pool
United States TRIP (Terrorism Risk Insurance Program)/FIO (Federal Insurance Office)	Most property and casualty lines	Covered (if covered in the underlying policy)	**Perils:** No key perils are excluded, but a peril excluded by the policy would not be subject to reimbursement under TRIP **Classes:** Crop insurance, flood insurance, earthquake insurance, private mortgage, medical malpractice, health or life, reinsurance, commercial automobile, professional liability	**Insurance:** Insurers can set commercially **Reinsurance:** No set rates but recoupment plan to apply after a loss	**Government:** USD 100 billion per year	**Insurance:** Elective (unless required as a matter of State law) **Reinsurance:** Elective but automatically available to US licensed insurers

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