Terrorism insurance: a diversity of solutions

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Ten schemes are considered:

Australia: ARPC
Austria: OVDT
Belgium: TRIP
Denmark: TIPNLI
France: GAREAT
Germany: EXTREMUS
Netherlands: NHT
Spain: CCS
United Kingdom: POOL RE
United States of America: TRIP
Date of institution

- Pre-September 11
- Post-September 11

Temporal validity

- Permanent
- Temporary

- Spain
- United Kingdom
- Australia, Austria, Belgium, Denmark, France, Germany, Netherlands, USA
Public/Private partnership → The ten systems, in a wide heterogeneous way

Nature of the agencies

Managing the systems

Governmental Agency: Australia (statutory Authority), Spain (public business institution), United States (Treasury)

Private company: Austria, Denmark, Germany, United Kingdom, Netherlands

Non-profit association: Belgium, France (group of economic interest)
State guarantee

- Yes
  - Limited
    - Australia
    - Belgium
    - Denmark
    - Germany
    - Netherlands
    - USA
  - Unlimited
    - France
    - Spain
    - United Kingdom
- No
  - Austria
What kind of risk financing solution is provided by the schemes

Insurance: Germany, Spain, USA

Reinsurance: Australia, Denmark, France, Netherlands, United Kingdom

Both: Austria, Belgium,
Compulsory coverage

- Australia
- Belgium (some lines)
- France
- Spain

Optional coverage

- Austria
- Denmark
- Germany
- Netherlands

Compulsory offer (insurers)

& Optional underwriting (insureds)

- USA
- United Kingdom
Industry participation in the schemes

Optional
- Australia
- Austria
- Belgium
- Germany
- Netherlands
- United Kingdom

Compulsory
- Denmark (non-life insurers covering NBCR)
- France (LR section)
- Spain
- United States
Insurance lines included

- **Property damages**
  - Australia (private residential properties are excluded), Austria, Belgium, Denmark, France
  - Germany (commercial and industrial risks), Netherlands, Spain
  - U.K. (no private properties), USA (Commercial).

- **Business interruption**
  - Australia, Austria, Belgium, Denmark, France, Germany, Netherlands, Spain
  - U.K., USA

- **Personal accidents**
  - Belgium, Netherlands, Spain

- **Life**
  - Belgium, Netherlands, Spain

- **Civil Liability**
  - Australia, Belgium, Netherlands, USA
NBCR Risks

Australia: YES (BCR: no nuclear causes)
Austria: NO
Belgium: YES (nuclear bombs can be excluded)
Denmark: YES
France: YES (nuclear weapons excluded)
Germany: NO
Netherlands: YES
Spain: YES
UK: YES
USA: YES (but can be excluded)
Location of exposures & terrorist events

In general

National territory

But

Some nuances

Belgium: Belgian risks, no matter if the losses happened in Belgium or abroad.

France: French territory, even when the terrorist event happened abroad.

Spain: personal losses abroad when the policyholder has the regular residence in Spain.

U.K.: North Ireland, Man & Channel Islands are excluded.

USA: losses abroad in case of an USA aircraft company or ship, or USA mission in a foreign territory
Maximum limit of the scheme

- **Australia**: AU$12.6 bn
- **Austria**: €200 million
- **Belgium**: €1 bn (indexed)
- **Denmark**: DKK20 bn
- **France**: nil
- **Germany**: €10 bn
- **Netherlands**: €1 bn
- **Spain**: nil
- **U.K.**: nil
- **USA**: US$100 bn
<table>
<thead>
<tr>
<th>Country</th>
<th>Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>AU$10 bn</td>
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<tr>
<td>Austria</td>
<td>no state guarantee</td>
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<tr>
<td>Belgium</td>
<td>€300 million</td>
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<tr>
<td>Denmark</td>
<td>DKK15 bn</td>
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<td>France</td>
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<td>Germany</td>
<td>€8 bn</td>
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<td>€50 bn</td>
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<td>U.K.</td>
<td>unlimited</td>
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<tr>
<td>USA</td>
<td>US$72.5 bn</td>
</tr>
</tbody>
</table>
Official declaration on terrorism act

- **Australia**: YES
- **Austria**: NO (but terrorism definition of the German insurers)
- **Belgium**: YES
- **Denmark**: YES
- **France**: NO (but it must be included in penal law definition)
- **Germany**: NO (but terrorism definition of the German insurers)
- **Netherlands**: NO (but terrorism definition of the Dutch insurers)
- **Spain**: NO (but terrorism definition of Extraordinary Risk rules)
- **U.K.**: YES
- **USA**: YES
Thank you for your attention