

## News Release

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### **Government Involvement in Terror Insurance Programs Continues to Increase, According to Guy Carpenter**

Update on Terror Insurance Market Examines Global Trends and Developments

**New York, June 22, 2009**

A report on the global terror insurance market, published today by Guy Carpenter & Company, LLC, finds that governments are becoming increasingly involved in the development of insurance programs focusing on terror coverage and terror pools, though a number of nations continue to offer no government support at all.

*2009 Global Terror Update*, available for download at [www.GCCapitalIdeas.com](http://www.GCCapitalIdeas.com), summarizes terror insurance market developments in 34 countries across six continents. According to the briefing, developments on a country-by-country basis are being shaped largely by events, including new and/or evolving threats and local developments in the insurance and reinsurance markets. The update also addresses the impact of terror insurance on the aviation market and looks at recent developments in terror modeling.

#### **UNITED STATES/TRIA**

- The Terrorism Risk Insurance Act of 2002 (TRIA), extended in 2007 for another seven years, requires insurers to offer coverage to a large majority of commercial policyholders. In return, carriers receive reinsurance protection above a deductible, calculated at 20 percent of direct earned premium.
- Cover has also been addressed at the state level, with 14 states allowing terrorism exclusions to be added to the "1943 New York Standard Fire Policy" (SFP) since September 11, 2001.

#### **EUROPEAN DEVELOPMENTS**

- A number of European countries have been active in implementing terror insurance schemes, including Austria, Belgium, France, Germany, the Netherlands and the United Kingdom. Though each pool features a different structure and level of government involvement, these nations have been among the most active in addressing terror coverage.
- Other European nations, including Denmark, Italy, Norway, Portugal and Sweden, have seen little to no government involvement in the development of terror insurance programs or pools.

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## **AVIATION INSURANCE**

- Though most of the government-sponsored aviation insurance schemes adopted in the wake of September 11, 2001 have been withdrawn and replaced by commercial cover, the United States government has extended the duration of its cover.
- With market capacity increasing and prices dropping considerably, coverage is available and abundant.

## **TERROR MODELS**

- In 2008 AIR Worldwide Corporation updated its damage functions to include the impact of reflected pressure waves following a conventional bomb blast. Prior models had only taken account of *incident* pressure waves.
- Risk Management Solutions has implemented a number of updates to its US model (PTM). It now includes 98 new targets, including chemical plants, government buildings, and convention and entertainment centers. Accordingly, the number of potential attacks has also increased and some existing attack footprints have been repositioned.

In addition to Europe and the North America, the briefing covers terror insurance developments across the Asia/Pacific, Latin American, Middle Eastern and African regions.

## **QUOTE**

### **Chris Klein, Global Head of Business Intelligence, Guy Carpenter**

“The global picture for terror insurance programs remains mixed. Since the attacks of September 11, 2001, we have seen a marked increase in government involvement in the global terror insurance market, with a number of countries developing and refining comprehensive programs for terror coverage and terror pools. As the threat of terrorism evolves, the marketplace continues to find new ways to meet it.”

## **TAGS/KEYWORDS**

Guy Carpenter, insurance, reinsurance, terror, terrorism, aviation, TRIA

## **LINKS/URLs**

**2009 Global Terror Update:** <http://www.gccapitalideas.com/2009/06/22/global-terror-update/>

**GCCapitalIdeas.com Registration:** <http://feeds2.feedburner.com/gccapitalideas>

## **RSS FEED SUBSCRIPTION**

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## **About Guy Carpenter**

Guy Carpenter & Company, LLC is the world's leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. With over 50 offices worldwide, Guy Carpenter creates and executes reinsurance solutions and delivers capital market solutions\* for clients across the globe. The firm's full breadth of services includes line of business expertise in Agriculture; Aviation; Casualty Clash; Construction and Engineering; Excess and Umbrella; Life, Accident and Health; Marine; Medical Professional Liability; Political Risk and Trade Credit; Professional Liability; Property; Retrocessional Reinsurance; Surety; Terrorism and Workers Compensation. GCFac® is Guy Carpenter's dedicated global facultative reinsurance unit that provides placement strategies, timely market access and centralized management of facultative

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reinsurance solutions. In addition, Guy Carpenter's InStrat® unit utilizes industry-leading quantitative skills and modeling tools that optimize the reinsurance decision-making process and help make the firm's clients more successful. Guy Carpenter's website address is [www.guycarp.com](http://www.guycarp.com).

Guy Carpenter's new intellectual capital website, [www.GCCapitalIdeas.com](http://www.GCCapitalIdeas.com), leverages blog technology, including Real Simple Syndication (RSS) feeds and searchable category tags, to deliver Guy Carpenter's latest research as soon as it is posted. In addition, articles can be delivered directly to BlackBerrys and other handheld devices.

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