

# TERRORISM COVERAGES IN KEY COUNTRIES

Terrorism is an increasing global peril and risk managers have a keen interest to better understand what protection is available. There are a variety of ways to obtain insurance coverage. In a number of countries there are requirements to provide terrorism coverage. The rules vary country by country. To assist risk managers in evaluating the terms of local country laws and regulations, we are providing the below summary of terrorism coverages in key countries. Other terms and conditions could impact your decisions. These are just highlights.

In addition to accessing in-country facilities the following should be considered by risk managers.

- Stand-alone terrorism insurance for assets and business Interruption
- Stand-alone terrorism insurance for contract works and advanced loss of profits
- Cover against strikes, riots and civil commotion
- Cover against sabotage, mutiny, insurrection, rebellion or coup d'etat
- Legal liability terrorism insurance providing defense costs and damages for claims brought by third parties against the insured following a terrorist attack
- Insurance for certified acts of terrorism for US risks
- Insurance for non-certified acts of terrorism for US risks
- Difference in conditions where required
- Stand alone cover for Nuclear, Biological, Chemical and Radiological attacks

This list is not exhaustive and there are other ways to tailor coverage for your company.

**SEVERE**  
SEVERE RISK OF  
TERRORIST ATTACKS

**HIGH**  
HIGH RISK OF  
TERRORIST ATTACKS

**ELEVATED**  
SIGNIFICANT RISK OF  
TERRORIST ATTACKS

**GUARDED**  
GENERAL RISK OF  
TERRORIST ATTACKS

**LOW**  
LOW RISK OF  
TERRORIST ATTACKS

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# Terrorism Coverages in Key Countries

Country	Name of Program	Is it a Gov't Program?	Is it Mandatory?	Lines Applied To	Limits Applicable	Coverage for NBCR?	Do Captives Qualify?
<b>Australia</b> 	Terrorism Act of 2003 (Amended 2011)  Supports the Australian Reinsurance Pool Corporation (ARPC)	YES  The act is federal & the ARPC is a government-backed corporation	YES  Coverage is automatic & arises from the statutory act deeming Terrorism exclusions to be redundant  Insurers have the option to reinsure eligible terrorism losses to ARPC or elect to retain the risk	Covering “eligible property” under “eligible insurance contracts” all as defined by the Act. Principally PD/BI and also Public Liability, where liability arises out of the ownership or occupation of “eligible property”	Individual policy limits to apply to each policy holder. Overall supporting program limit A\$13.42B. This fund is made up of a \$2.75B retrocession program and a further \$10B Commonwealth Government Program	B&C but not N or R	YES, all insurers of Australian risks are obligated to provide cover. Captives can access the ARPC for reinsurance protection. Refer to: <a href="http://www.arpc.gov.au">www.arpc.gov.au</a>
<b>Austria</b> 	Austrian Terrorism Pool	NO	NO	PD & BI which includes Flexa	Up to €5M for PD/BI combined  Maximum indemnity per insured & location  Overall Pool limit is €200M for a single terror attack and in the aggregate. An additional €20M available outside the pool at a high premium	NO	YES if they are members of the Austrian Terrorism Pool
<b>France</b> 	Gestion de L'Assurance et de la Reassurance de Risques Attentats et Actes de Terrorisme (GAREAT)	YES  When the aggregate of €2B runs out, the reinsurance is taken over by CCR state Cy on unlimited basis	1986 law made terror coverage compulsory	Applies to property lines including Direct Damages & BI	Caisse Centrale de Réassurance (CCR)  CCR covers all losses in excess of €2B. Under €2B is covered by the terrorism pool	YES for NBCR as consequence of insured loss	YES captives may qualify as long as they are registered on French territory

**Legend:**

- PD/BI – Property Damage/Business Interruption
- B – Biological
- R - Radiological
- N – Nuclear
- C – Chemical
- Flexa – Fire, Lightening, Explosion, Aircraft

Note: All programs are limited in scope to risks within their respective countries

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<b>Germany</b> 	Extremus Versicherungs-AG	No regulations in Germany; Government is reinsurer in excess of €2B	Not mandatory	PD/BI	€1.5B per insured. Total €10B on annual aggregate basis	NO	YES but only by special request
<b>India</b> 	General Insurance Corporation (GIC)	No, this pool consists of local underwriters who will include some terrorism coverage	NO	All property/business interruption as per local property policy	INR €10B (approx. USD 200M) per loss	NO	NO
<b>Netherlands</b> 	Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden (NHT)	Supported by government	Not mandatory but free of charge	Applies to all lines of business including all life insurance	€1B per year with a sublimit of €75M per insured per location for non-life claims	YES	YES as long as they join the pool in place
<b>Spain</b> 	Consortio Compensacion de Seguros (enacted in 1964)	YES	YES	Property Damage, EDP, Vehicles & Accident	As per local policy	YES if covered by the Spanish-issued policy	YES but does not appear that any captives have qualified for Consortio

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<b>United Kingdom</b> 	Pool RE	YES	NO	Coverage available for PD/BI	As per local policy issued	YES as long as covered in local policy	YES; if they are members of Pool Re
<b>United States</b> 	Terrorism Risk Insurance Program Reauthorization Act (TRIPRA)  Terrorism Risk Insurance Program Reauthorization Act of 2007	YES	NO  Policyholders can decline cover	Applies to most commercial P&C lines but excludes livestock & certain other specialized classes	Up to \$100B per year  Same limits and sublimits as Property policy  Insurers retain 20% of prior year earned premium and coinsure 15% of the loss above the retention	Eligible insurers are backstopped for NBCR if they provide that cover, but there is no mandate to provide coverage broader than that which is allowed for other perils. Most underwriters do not provide NBC for other perils; therefore, such is excluded for certified terrorism	YES but they must be on-shore captives regulated by a US state or US territory

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