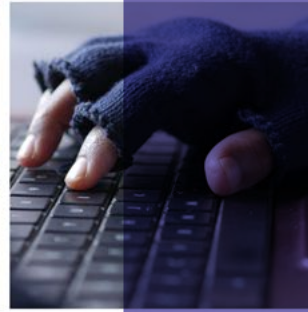


# POOL<sup>Re</sup>

REINSURING TERRORISM RISK



Building  
resilience  
against  
terrorism  
risk



## Providing confidence and resilience to the UK economy

Pool Re is the insurance industry's mutual for reinsuring terrorism risk in Great Britain. It operates as an Arm's Length Body of HM Treasury, and is recognised globally as a leader in terrorism risk financing.

Pool Re was established in 1993 as a public-private response to the market failure in terrorism insurance caused by the Provisional IRA's mainland bombing campaign. For the last three decades, Pool Re has enabled the private (re)insurance sector to underpin Great Britain's economic resilience to terrorism.

Pool Re offers commercial property reinsurance cover for losses caused by terrorism on an "All Risks" basis, including chemical, biological, radiological, and nuclear (CBRN), damage caused by remote digital interference and non-damage business interruption.



Terrorism insurance



Insurers



Pool Re



Government guarantee

**£2.2tn**

of liabilities insured by Pool Re.

**£414m**

paid to Members as dividends between 2016 and 2023.

**140+ Members**

the vast majority of insurers operating in the UK commercial property market are Members of Pool Re.

**£7.1bn**

fund has been built up by Pool Re to meet potential claims.

**£1.8bn**

of premiums have been paid to HMT Treasury, though Pool Re can draw on this amount should Government funds be required.

**£1.25bn**

over the past 31 years Pool Re has paid claims in excess of £1.25bn across 13 terrorism events (adjusted for inflation).

**£2.4bn**

of retrocession purchased by Pool Re from private sector reinsurers.

**£100m**

raised from external investors through the placement of an insurance linked security bond.

**£0**

cost to the taxpayer.

## Reinsurance

### The reinsurance scheme

**Cover:** Pool Re offers commercial property reinsurance cover for losses caused by terrorism on an “All Risks” basis, including chemical, biological, radiological, and nuclear (CBRN), as well as damage caused by remote digital interference and non-damage business interruption. This applies to properties in England, Scotland, and Wales. The scheme does not cover Northern Ireland, the Isle of Man or the Channel Islands.

**Back-to-back with property:** Terrorism cover can only be written in conjunction with a commercial property policy, so Pool Re cover

is back-to-back with the property policy. This means the definitions, exclusions and triggers are aligned, which facilitates seamless cover between the property and terrorism policies. All claims, whether property or terrorism, are handled by the underlying property insurer who is a Member of the scheme.

**Membership:** Any insurer authorised to insure commercial property in Great Britain is eligible to apply for Membership with Pool Re, regardless of their domicile. Most insurers operating in the UK commercial property insurance market are Members.

**Government certification:** There is an agreed process for an event to be certified by HM Government as an act of terrorism\*, underpinned by a binding tribunal process in the event of a dispute. Given the back-to-back nature of the cover, if an event is certified then it is covered by the Pool Re scheme, but if it is not, then the exclusion on the property cover is not activated and the loss is covered by the property policy.

### The key strengths of the scheme



#### Breadth of cover

The terrorism cover offered to Pool Re Members is effectively “All-Risks”. There is a war exclusion, but cyber-terrorism resulting in physical damage is included. This scope of cover, which uniquely includes chemical, biological, radiological and nuclear (CBRN) also includes non-damage business interruption.



#### Unique capacity

Pool Re is backed by an uncapped guarantee from HM Treasury. This means that Members of the scheme can provide cover to all or any of their eligible policyholders who wish to buy terrorism insurance. Importantly, this cover would continue to be available even after a catastrophic terrorism event.



#### Consultancy service

We provide Members and policyholders with bespoke terrorism risk management advice and terrorism threat analysis. Our specialist teams have extensive knowledge at hand to support businesses in understanding and mitigating the threat.



#### Guaranteed acceptance

The Pool Re Membership is open to any authorised insurer. Where a Member insurer provides property insurance, they must offer terrorism cover upon request. Cover and terms are not constrained by geographical accumulation or risk profile. One of our objectives is to ensure that every business in Great Britain can access affordable and comprehensive terrorism insurance.



#### Solvency

Pool Re Members are guaranteed solvency for any legitimate claims arising from a certified act of terrorism and are not required to hold the prohibitive capital reserves that Solvency II regulation would require in Pool Re's absence.



What we do

## Reinsurance

### How does the Government guarantee work?

In the event of claims resulting from an act of terrorism (as certified by HM Treasury), Members must first pay losses up to a predetermined threshold (retention).

Only when total losses have exceeded that threshold, can Members claim upon our reserves. Pool Re's reserves have accumulated since inception and we would only need to use the guarantee from the Government if these reserves, and the Company's commercial reinsurances, are exhausted. This scenario has yet to occur in our history.

Our Retrocession Agreement with HM Treasury details how Government will step in to pay claims to their full extent if our funds prove insufficient. The taxpayer has, to date, benefited from the arrangement because we pay a premium to HM Treasury for its guaranteed support, along with Corporation Tax on profits generated from our investment fund, both of which can be used to invest in public services.

### Definition

#### \*Act of Terrorism

Pool Re follows the definition of an Act of Terrorism contained in the Reinsurance (Acts of Terrorism) Act 1993:

“

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



## Pool Re Solutions

### Our role

In the face of the UK terrorism threat, Pool Re Solutions' capabilities provide the market with three key pillars:

#### Awareness

Awareness of the threat, terrorist actors, and likely methodologies is the key starting point to effectively identifying risk.

#### Education

Once aware of the threat, organisations must educate themselves to understand how terrorism could impact their business operations, safety, and security.

#### Assurance

Having assurance that an organisation has proportionate procedures and measures in place to manage risk provides stability and confidence to such organisations.

### Our consulting service

Pool Re Solutions supports the insurance industry, Pool Re's Members and their policyholders, and the wider UK economy in building resilience against terrorism.

We are a Centre of Excellence for terrorism risk understanding and risk management, providing general advice and information as well as bespoke analysis and consulting support for our Members and their policyholders.

Our in-house specialist team, made up of experienced threat analyst and risk consultant experts, has extensive knowledge at hand to support your business in understanding and managing the risks faced from terrorism.

Having developed a range of bespoke tools, analysis capabilities, and risk modelling techniques aligned to the threat faced from terrorism in Great Britain, Pool Re Solutions is at hand to help organisations to understand the terrorism threat, the potential range of impacts that could result from an attack, and support them in ensuring they have proportionate and effective resilience measures in place to manage the risk.

### Our services:

We provide two dedicated services to support resilience; **threat analysis** and **risk management**.

## Pool Re Solutions

### Threat analysis

Our dedicated threat analysts are experts in distilling the complex UK terrorism threat landscape into tangible information that organisations can use to gain a better understanding of the threat, risk and potential impacts faced. Whether it is free-to-access resources on the general terrorism threat in Great Britain, sector-specific threat assessments, or bespoke threat assessments, our analysis will give you a credible, informed understanding of the UK terrorism threat, including terrorist actors, intent, capabilities, and likely methodologies.

Our team provides a number of resources including:

#### Publicly Available content



##### Threat Analysis Publications

Our threat analysis publications offer a wide range of resources for our audience to stay informed with the latest terrorism events in the UK and across the world. Our publications include annual threat reports, blogs, deep dive reports, post incident articles and more.



##### Sector Threat Assessments

Our sector threat assessments explore the terrorism threat to specific sectors, outlining past incidents, assessing the likely attack methodologies, and the intent of potential terrorist actors. Our reports cover more than 60 types of organisations across 7 key industry sectors.



##### Podcast

The Totally Terrorism podcast provides insightful discussions about terrorism as our threat analysts speak with leading experts in the counter-terrorism field. Guests include academics, practitioners, counter-terrorism experts and survivors of terrorist attacks.

#### Bespoke services



##### Bespoke Threat Assessments

Our threat analysts provide bespoke threat assessments tailored to a specific organisation. These assessments are based on our understanding of the current intent and capabilities of terrorist actors in the UK; focusing on the specific threat to that particular sector, geographical location, and proximity threat.



##### Briefings and Insights

Our experts can deliver threat briefings to Member insurers, keynote speeches, and presentations on the terrorism threat to Great Britain, to educate audiences and raise awareness of the threat landscape.



##### Risk Aggregation and Scenario Review

Our experts are able to support insurers in the review and development of Realistic Disaster Scenarios, or explore the aggregated impact of a terrorism event to support claims analysis and underwriting decision making.

#### Get more information

For **regular insightful terrorism threat and risk information**, including our threat analysis articles and deep dives, as well as other Pool Re updates, please sign up to receive our emails please click below.

[Updates and insights](#)

You can find all our **free-to-access resources** on our website in the Knowledge Centre here:

[Knowledge Centre](#)



## Pool Re Solutions

### Risk management

Our risk management experts understand terrorism risk and its potential impacts on businesses and organisations. We provide tools, cutting edge modelling, and analysis capabilities to fully assess and explain the risk. The team also supports organisations in mitigating the risk, whether that be through benchmarking of existing security practices against best-practice, or providing recommendations for risk mitigation improvement. Pool Re Solutions can support your organisation in improving its resilience against the threat of terrorism.

Our team provides a number of bespoke and free-to-access resources including:



#### Vulnerability Self-Assessment Tool (VSAT)

Our free-to-access VSAT benchmarks terrorism risk management procedures of an organisation against best practice. We reward good risk behaviour through the 10% Loss Mitigation Credit on insurance premiums for those organisations which meet the criteria.



#### Threat, Vulnerability and Risk Assessments (TVRA)

Our experts provide bespoke TVRA on behalf of an organisation to assess the threat they are exposed to. We identify vulnerabilities that could be exploited during an attack, in order to identify proportionate risk improvement recommendations.



#### Probable Maximum Loss (PML) Studies

Our bespoke PMLs identify the Credible Worst-Case scenario to organisations and, through state of the art computational modelling, can assess the potential loss, damage and financial cost of such an event, providing assurance to the insurer and policyholder.



#### Crisis Exercise Simulation

We support organisations in identifying credible impact scenarios, and then in testing and exercising them, so that organisations are prepared to deal with an attack, if the worst were to happen.



#### Legislative Compliance

Our risk management team provides regular updates on the progression of Martyn's Law and other legislation, and analysis on the consequences for the insurance industry.

### Get more information

Our **free-to-access risk management resources**, such as VSAT, can be found online on our Risk Management hub.

[Risk management](#)

Keep up to date with **Martyn's Law** and the latest legislative compliance.

[Martyn's Law](#)

## Pool Re Solutions

### Partnerships

As the leading terrorism reinsurer in Great Britain since 1993, and as an Arm's-Length Body of government under HM Treasury, Pool Re and the Solutions team hold a unique position as a leading force in terrorism risk understanding and management.

Our close partnerships with subject matter experts in academia, as well as Counter Terrorism Policing and the Home Office, ensure that our advice and assessments remain aligned to the current and emerging credible terrorism threats and trends.

### Get in touch with our experts:

We believe that all organisations, whether in the insurance market or wider business sectors, can benefit from a better understanding of the threat posed by terrorism and its associated risks.

Pool Re Solutions takes an active role as Great Britain's insurance industry Centre of Excellence for terrorism understanding and risk management, and we are on hand to answer any questions or concerns that your organisation may have, whether that is by providing awareness, education or assurance on the risk of terrorism in Great Britain.

Pool Re Members and policyholders, providing they meet certain eligibility criteria, can benefit from a range of bespoke risk advisory services, providing in-depth analysis of the terrorism risk to your organisation.

To find out more about Pool Re Solutions, and how your organisation can take advantage of our services, please contact us at:

[solutions@poolre.co.uk](mailto:solutions@poolre.co.uk)





### Sign-up to our news:

For regular terrorism threat and risk management updates, including Pool Re news, events and webinars, please sign up here: <https://www.poolre.co.uk/signup/>