

Allianz Global Corporate & Specialty

Terrorism & Political Violence

Trends and Challenges

18 May 2016

Crisis Management

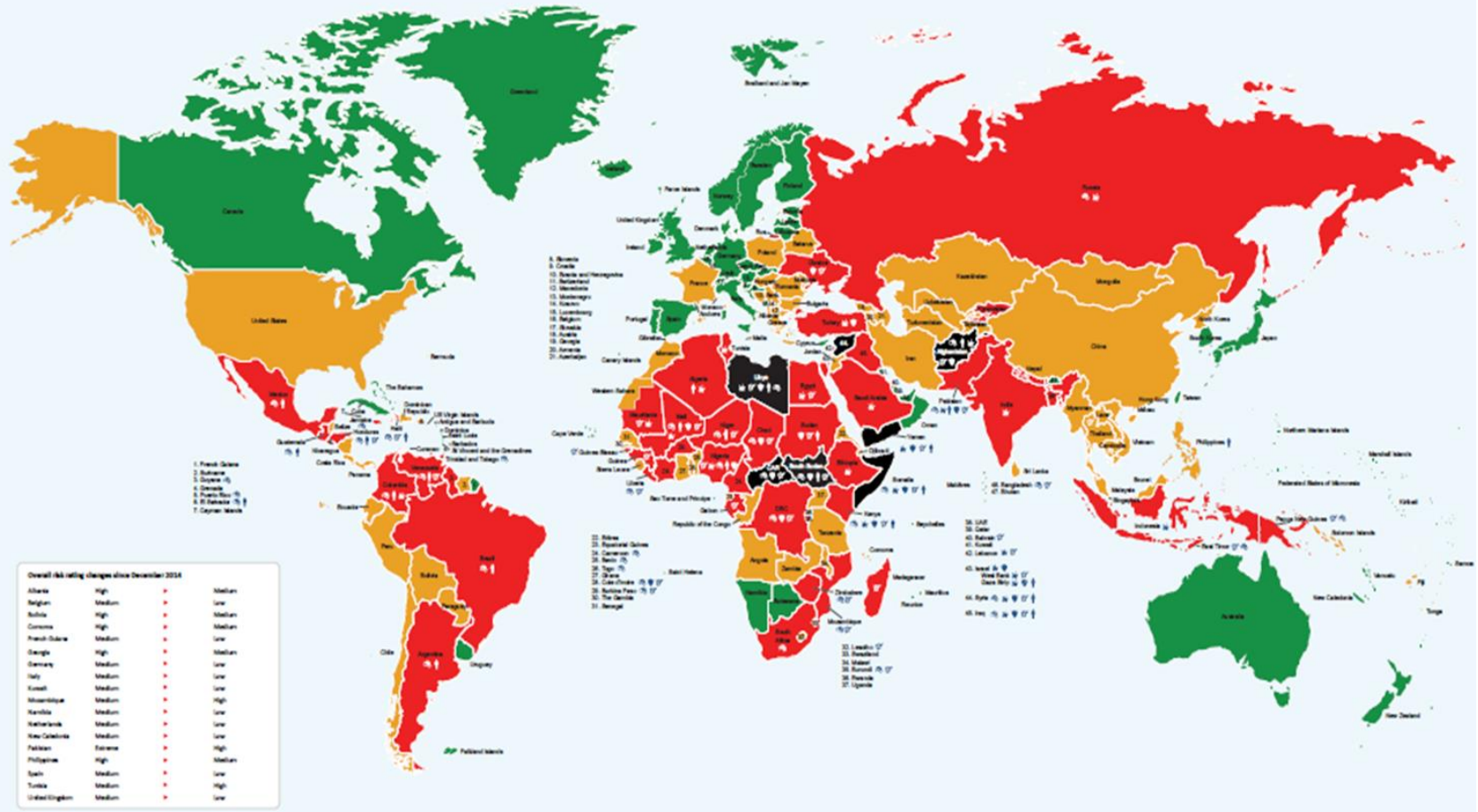


	Hostile	
Product Recall	Environment	Terrorism &
	Solutions	Political Violence



red24 Global Risk Map 2016

The country's overall risk rating is reflected by red24's four overall risk rating colours. The risk map includes icons representing the primary risks present in each country (High and Extreme). Please note that similar colours do not necessarily equate to similar risk. For further information on risk levels and criteria, please visit www.red24.com.



Coverage

LOSS TYPE

- Property Damage and Business Interruption
- Contingent Business Interruption (Various)
- Death / Injury / Third Party property

PERILS

- Terrorism
- Strikes, Riots and Civil Commotion (SRCC)
- Full Political Violence - incl. War & Civil War
- Terrorism Liability / WCA (including NCBR liability)
- Nuclear Chemical Biological and Radiological (NCBR)
- Event Cancellation



Wordings

Terrorism (T&S)

- LMA 3030 / LMA 5039 (BI interdependency) and LMA 5150 (no interdependency)
- T3 / T3a (T4 / T4a updated)

Terrorism Liability

- T3L – Third Party and Employers

Other specialist wordings

- BIT wording in Israel

Strikes, Riots and Civil Commotion (SRCC)

- LMA 3092 – SRCC extension
- LPO 437 – Combination of T&S and SRCC

Nuclear Chemical Biological and Radiological (NCBR)

Full Political Violence (PV) – incl. War & Civil War

- Malicious Damage, Coup d'etat, rebellion and insurrection
- Hiscox, Beazley and Catlin Full PV wording

Event Cancellation

- Terrorism write back options available – including Threat issues by local authority
- Event liability

Common coverage extension

- Contingent Business Interruption
- Interdependency
- Extra Expense / Increased Cost of Working
- Customers and Suppliers
- Utilities
- Unnamed miscellaneous locations
- Denial of Access / Ingress & Egress – radius applied
- Loss Control



Our underwriting considerations – Info required

- **Client & broker** – relationships & outstanding issues
- **Occupancy / Industry** – high profile vs benign
- **Risk country** – assets
- **Coverage requirements** – wording
- **Total insured values** – key rating factor
- **Layering / Structure** – dictates ultimate exposure
- **Aggregation / Clashes** – choke points, strong focus on agg management
- **Policy period** – adequately priced for our agg / ‘continuity credit’
- **Brokerage** – including other acquisition costs



Current trends

- More low intensity but high frequency attacks
- Motivations – sinister and seldom rational
- More active states leading to regional instability
- Educated insurance purchasing
- Cyber enquiries on the increase
- A move to combined policies
- Added value expected

Key challenges

- Non-damage BI
- Affirmative terrorism liability
- International Insurance Solutions (IIS) – locally compliant paper
- Cyber – getting the wording right
- Identifying new products and gaps
- Market conditions – facilities, soft market

Observations I

Figure 2: Global Terrorist Attacks and Fatalities – 2000 to 2014

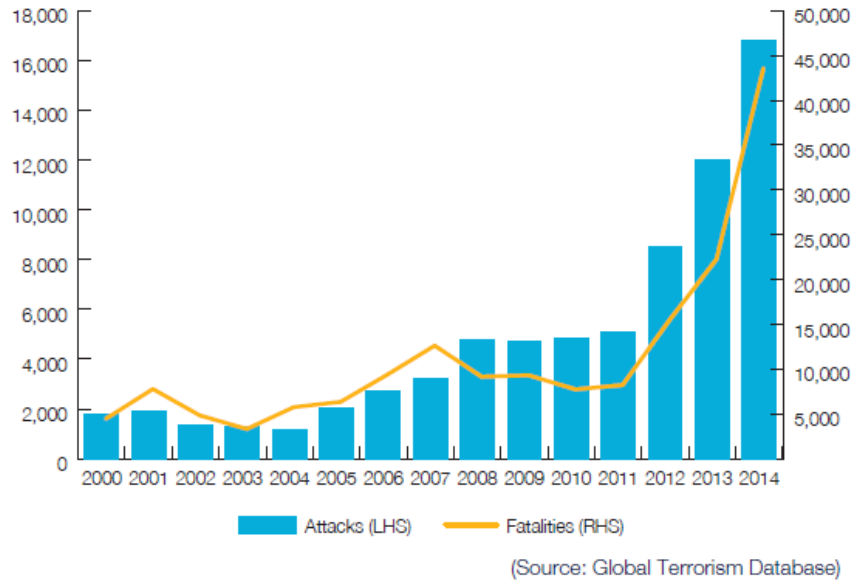
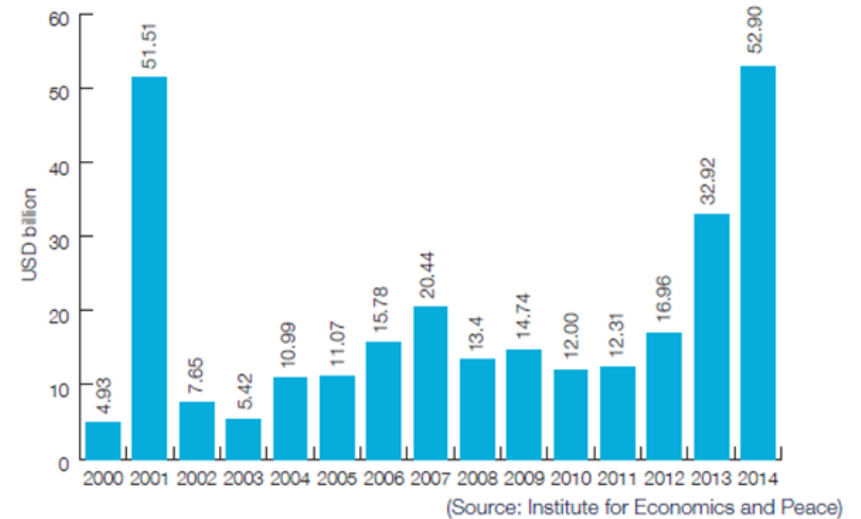
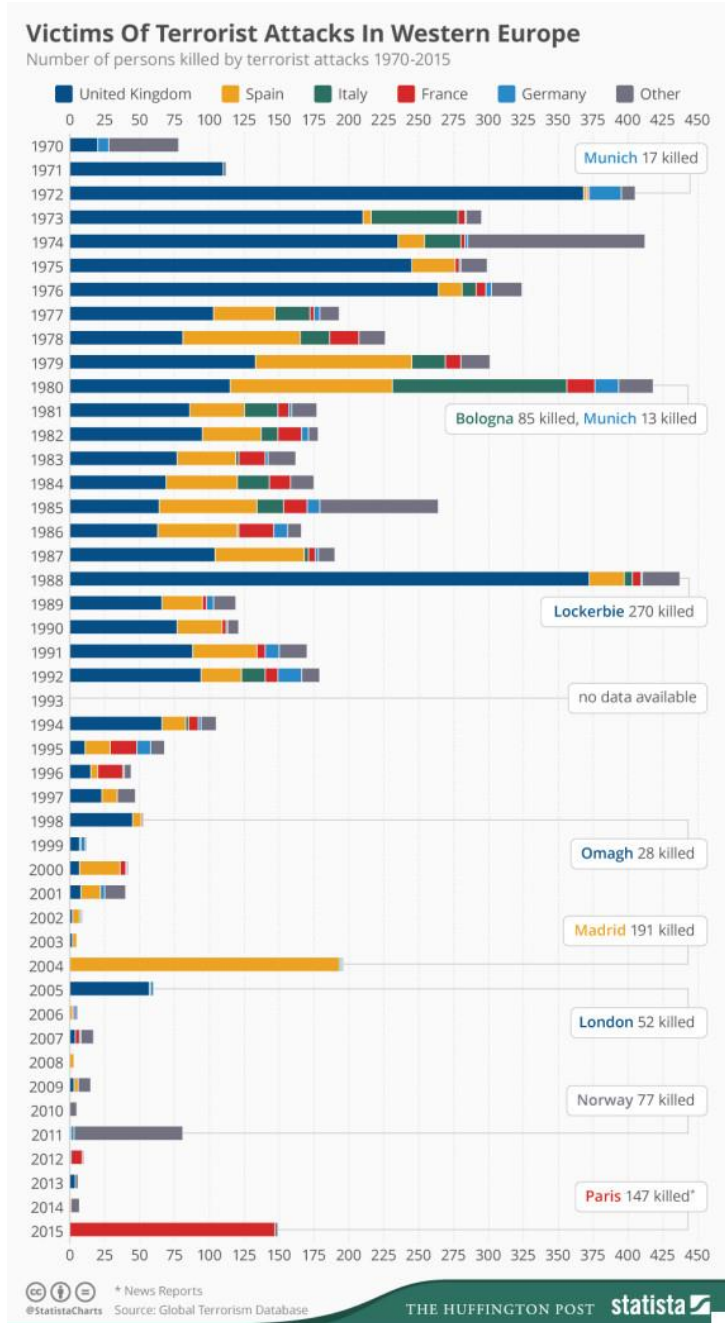


Figure 3: Global Economic Costs of Terrorism (2014 USD billion) – 2000 to 2014



Source: JLT Re

Observations II



Questions?