



CLAIMS

Claims Protocols and Civil Contingencies

An introduction to Pool Reinsurance Company Limited, its Member and Loss Adjuster Claim Handling Protocols and the handling of claims in Civil Emergencies as a result of a terrorism event arising within the United Kingdom.

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1. Introduction

Pool Re was established in 1993, with the role of enabling the commercial insurance market to underwrite the terrorism cover for commercial property. Pool Re's Members comprise most major London property insurers. Pool Re has the backing of Her Majesty's Treasury, enabling a private sector solution to a public policy objective.

Since its establishment, Pool Re has been involved in claims arising from sixteen separate UK terrorism incidents covering losses of over GBP 600m.

2. The Pool Re Scheme

The Pool Re Scheme provides cover for commercial property located in the UK, excluding Northern Ireland, for damage to buildings, contents, construction, and business interruption; excluding marine, aviation or motor policies, and property on licensed nuclear sites.

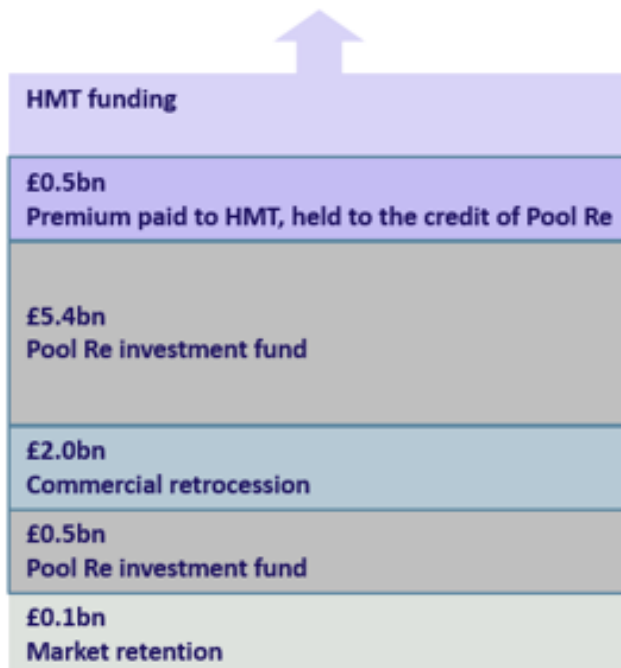
Pool Re are a reinsurance company and cover is issued as part of a policy which covers losses resulting from damage to commercial property. The only exclusions applying to the terrorism cover are in respect of war and computer virus risks. Cover includes chemical, biological, radiological or nuclear contamination.

Terrorism is defined under the Reinsurance (Acts of Terrorism) Act 1993:

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

The scheme is structured to be self-funding in the first instance, with the ability of assistance from HM Treasury if required, as:

Scheme Resilience June 2016



3. The Role of The Loss Adjuster

Terrorism claims are handled directly by the scheme Members, which includes the appointment of specialist services and Loss Adjusters.

HM Treasury certify incidents that fall within the definition of an Act of Terrorism. This provides market certainty regarding causation, and allows Members to claim against the reinsurance fund.

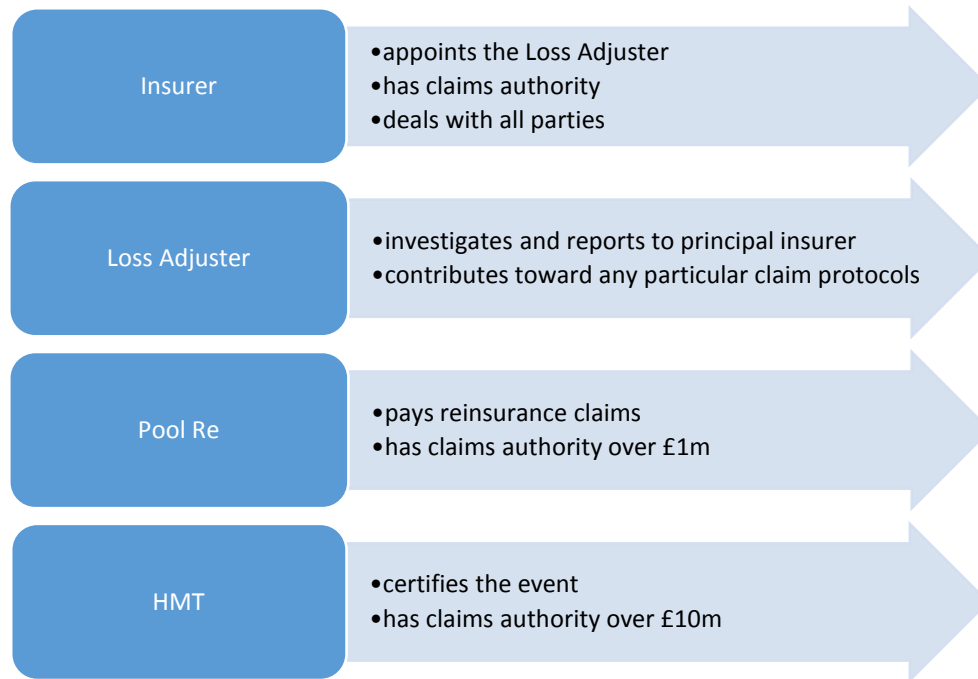
Each Member must first pay losses up to their individual reinsurance retentions, either by incident or annual aggregation, and claims against the reinsurance fund for any excess claims.

Members are obligated to appoint a suitably qualified and experienced Loss Adjuster on all individual claims in excess of GBP 10,000. A Loss Adjuster is defined as a person or company who is a certified member of the Chartered Institute of Loss Adjusters of the United Kingdom, or similar professional bodies in other countries.

Claims are handled by Members, with however referral to Pool Re as requested, or where the total claim value exceeds a financial threshold as determined by each Member's reinsurance retentions, or

GBP 1m, whichever is the lesser. Pool Re may as such have financial authority on larger or more complex claims.

The claims process is summarised as:



Claims are to be handled in strict accordance with the underlying policy terms and conditions, and with due diligence. Pool Re also have the right to audit any Member's claims.

In order to assist our Members in understanding their claims handling obligations, Pool Re undertakes a program of claim review visits over a cyclical period with its Members.

Pool Re also attempt to ensure market awareness through dialogue with Loss Adjusters, salvage and recovery agents, professional industry bodies and government organisations.

4. Claims Handling in Civil Emergencies

The Civil Contingencies Act 2004 (c36) is an Act of the Parliament that establishes a coherent framework for emergency planning and response ranging from local to national level. The Act established a definition for "emergency"; including war or attack by a foreign power, and amongst others terrorism. An Emergency is defined as including:

- An event or situation which threatens serious damage to human welfare...including damage to property;
- An event or situation which threatens serious damage to the environment...including CBR;
- War, or terrorism, which threatens serious damage to the security of the United Kingdom.

Published in 2005 and last updated in 2012, the *Emergency Response and Recovery Guidance* aims to establish good practice based on lessons identified from responding to and recovering from emergencies, both in the UK and internationally, designed to complement Emergency preparedness, which sets out how the duties under the Act and its supporting regulations should be implemented. The guidance aims to further develop a common frame of reference, especially concepts and language, for those involved in responding to emergencies.

A specific protocol was thereafter in 2007 agreed between the Association of British Insurers (ABI), the Chartered Institute of Loss Adjusters (CILA), aviation insurers, Air Accidents Investigation Branch, the Local Government Association, and the Association of Chief Police Officers. The protocol set out a framework for co-operation between the insurance industry, police services, fire and rescue services and local authorities following an emergency as defined under the Act. It identified the insurance industry as a key enabler in the recovery process following such emergency, and that it is in the interests of affected communities that the insurance industry is appropriately engaged in the emergency management effort.

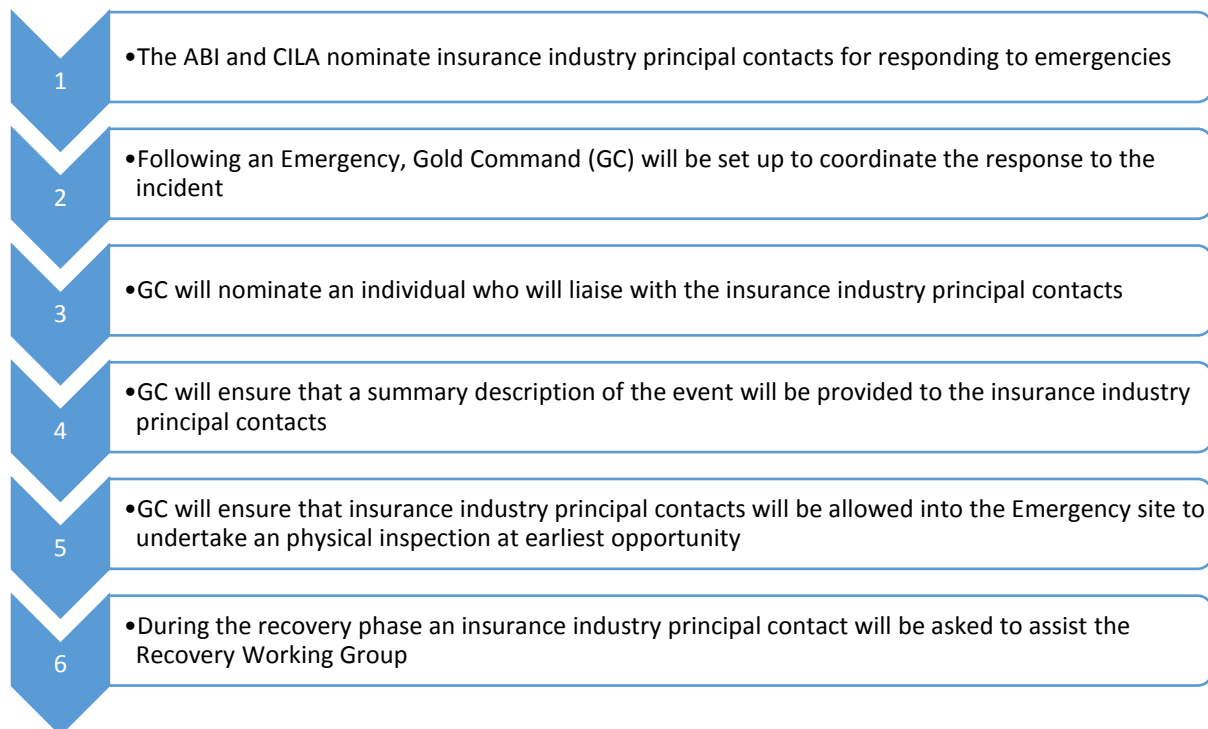
Specific procedures include:

- Nominated insurance industry principal contacts by the ABI and CILA, and the Strategic Coordination group (Gold Command);
- The Strategic Coordination group (sometimes known as Gold Command) will nominate a principal point of contact, who must be in a position to make sure that the needs of the insurance industry can be fed into the decision making process;
- The primary route for the exchange of information between emergency responders and the insurance industry will be through the insurance industry principal contacts;
- Provision of a summary of the events, type and scale, and subsequent updates, following an emergency to the insurance industry principal contacts;
- Arrangement of a physical inspection of the emergency site that may be cordoned off for the purposes of an initial assessment of losses, with further visits as and when conditions permit, and amongst others;
- The site visit will allow the insurance industry principal contacts to make an initial assessment of losses. The representative will make this information available to all insurers, for example

by videoing or photographing the site: the insurance industry principal contacts will respect the confidentiality of this footage with further visits made available as and when conditions permit or progress on sites makes further assessment possible;

- Establishing a Recovery Working Group where significant recovery implications exist;
- The insurance industry acknowledges the privileges of access, whether to information or physical locations, and that any conditions of access imposed by the emergency services must be complied with and the insurance industry will respect these privileges and any conditions of access necessarily imposed by the emergency services.

This specifically identifies the relevance of the insurance industry and allows its representatives access to information, inspection and part of a Recovery Working Group following an emergency under the Act.



5. Summary

Whilst Pool Re continues to provide terrorism insurance, the Scheme has enabled Pool Re to evolve into a provider of an effective level of protection to the taxpayer against the cost of a terrorist event.

The company's dedicated research and analysis team continues to assess the threat environment and work closely with the Government and the insurance market, as well as with other international terrorism reinsurance pools. With the global nature of terrorism, international collaboration and knowledge sharing form an essential part of the company's future strategy and in October 2015 Pool Re hosted the inaugural National Terrorism Reinsurance Pools Congress, bringing together CEOs and senior executives from catastrophe insurance pools of 14 different nations.

Pool Re has recently formed a partnership with the National Counter-Terrorism Security Office (NaCTSO) to inform and develop the risk mitigation measures within the Government's Crowded Places Programme and is committed to expanding the collaboration with the Government and acting as a facilitator of dialogue between industry and Government on counter terrorism matters.

The evolving nature of the terrorist threat is creating greater exposure to UK businesses. As the principal reinsurer of this peril, Pool Re is working to improve the take-up of this cover by recognising that small and medium size enterprises (SMEs) have distinct requirements. The underwriting team are working in cooperation with the wider insurance market to develop an improved SME proposition that recognises changes to the way in which SME insurance products have been structured and sold over the past decade.

Today, Pool Re is dedicated to evolving so as to respond effectively to the terrorism threat, continually looking to enhance its capability and provide value and resilience to the UK economy. At the same time, Pool Re aims to enable the insurance market to develop new risk mitigation products and limit the taxpayer's exposure to the cost of future attacks.

Warren Haydock

TECHNICAL MANAGER, CLAIMS

June 2017

Appendix 1

Signatories to the Emergency Response and Recovery Protocols

Association of British Insurers

Association of Chief Police Officers

Air Accidents Investigation Branch

Chief Fire Officers' Association

The Chartered Institute of Loss Adjusters

Local Government Association

Appendix 2

Insurance Industry Principal Contacts

Order	Name	Title	
	Email	Mobile	Work
1	Malcolm Hyde	Executive Director	
	malcolm.hyde@cila.co.uk	07551 737-676	0203 861-5728
2	Alison Gamble	Technical Marketing Manager	
	alison.gamble@cila.co.uk	07557 941-363	0203 861-5724