

MARKET BULLETIN

From	Julian James
Date	15 February 2006
Reference	Y3750
Subject	French Terrorism Act - arrangements for the purchase of reinsurance cover for small risks
Subject areas	To advise managing agents of the central arrangements in place for the purchase of terrorism reinsurance from French State reinsurer CCR.
Attachments	None.
Action points	To note.
Deadlines	

Bulletins Y3716 dated 29.12.05 and Y3723 dated 10.01.06 informed agents of the adoption of a new French Terrorism Act which extends the definition of an act of terrorism to include the use of nuclear weapons and requires insurers writing property insurance covering risks in France, specifically categories 3 to 9 of the French Code of Insurance, to cover related losses.

Bulletin Y3726 dated 13 January from the Director Franchise Performance set out the courses of action that Franchisees should follow to ensure that the additional risk arising from the extended obligation imposed by the new French Terrorism Act is contained and managed so far as practicable. Specifically these were:-

- Signing up to the French terrorism pool, Gareat, thereby qualifying for the French Government backstop protection in excess of €2 billion industry losses;
- Purchasing the reinsurance protection being offered by the French State reinsurer, CCR (Caisse Centrale de Réassurance), for risks under €6 million.

In respect of Gareat, syndicates are automatically being entered into the pool unless they actively choose to opt out by contacting Worldwide Markets (Zoë Kilminster – ext 5772). Should they do so, however, they are required to stop underwriting the business to which the legislation applies. **Please note that the deadline for opting out of Gareat is 28 February.**

In respect of the CCR reinsurance coverage for risks under €6 million, please be advised that Lloyd's has managed to secure from CCR agreement for the Franchisor to purchase a single stop loss reinsurance policy on behalf of all Lloyd's syndicates writing relevant French property business. **This therefore obviates the need for syndicates to purchase their own individual policies.** Lloyd's General Representative in France has now received confirmation that the cover is in place and is effective from 6 February 2006. Details of the arrangement will be circulated shortly.

Enquiries regarding GAREAT and CCR should be directed to:

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