

## MARKET BULLETIN

REF: Y4239

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**Title**                    **GAREAT - FRENCH TERRORISM REINSURANCE POOL – ADDITIONAL INFORMATION**

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**Purpose**                To inform syndicates of the placement for 2009.

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**Type**                    Annual

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**Date**                    23 January 2009

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**Deadline**              With immediate effect

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**Related links**        <http://www.lloyds.com/NR/rdonlyres/E91EAD17-334B-4B85-B3B1-097C5C56A716/0/Y4231.pdf>

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## GAREAT placement

Market bulletin Y4231 dated 23 December 2008 (please see link above) informed the market of the procedures for 2009 applicable to the GAREAT French Terrorism Pool, including the ability to opt-out of the pool. The bulletin stated that 2009 GAREAT placement was still to be finalised at that time.

The purpose of this bulletin is to update the market as to the outcome of the placement process. Lloyd's can confirm that layers 2 to 5 are fully placed, while layer 6 placement percentage is 99.42% and layer 7 is 91.75%.

As advised in market bulletin Y4231, should GAREAT not be able to place 100% of the coverage in the private reinsurance market, it has been agreed that losses will be shared among GAREAT members according to the premiums they cede to the pool, which would slightly increase the Lloyd's maximum exposure. With the completion of the placement process, the following hypothetical example, demonstrates how this would apply to the market.

## Lloyd's exposure

Hypothesis: total loss over €2.2bn

### 1. Lloyd's global maximum exposure in GAREAT: hypothesis – Lloyd's cedes 3% of the total premium ceded by all members to GAREAT

- (1) Layer 1: €400m x 3% = €12m
- (2) Layer 6: €300m x (100%-99.42%) x 3% = €52,200
- (3) Layer 7: €300m x (100%-91.75%) x 3% = €742,500
  
- Maximum exposure: (1) + (2) + (3) = €12,794,700

### 2. Lloyd's exposure Syndicate per Syndicate: hypothesis – Syndicate XXX cedes 5% of the Lloyd's global premium ceded to GAREAT

For a loss over €2.2bn sustained by GAREAT members other than Lloyd's or by a single Lloyd's syndicate:

Rule: losses are mutualised between Lloyd's Syndicates according to the share of the Lloyd's global premium ceded to GAREAT

- Syndicate XXX maximum exposure: €12,794,700 x 5%= €639,735

## Further information

Further information regarding GAREAT can be obtained as follows:

In France, from Lloyd's Paris office:

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