



IFTRIP

International Forum for Terrorism Risk (Re)Insurance Pools

2019

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An overview and summary of terrorism threat from Pool Re

Welcome to IFTRIP's Conference Review for 2019. Insurance has always been a global industry, but never has it had to be more responsive to global market forces and interconnected risks than it is today. The sad fact is that the challenges posed by terrorism to the individual pools and countries which constitute IFTRIP represent national facets of an international problem. Attacks and atrocities committed by a diverse spectrum of threat actors across the world this year were a shocking reminder of this; as well as the intolerable human cost, a constantly evolving risk landscape continues to expose new and existing vulnerabilities for economies, businesses and societies.

IFTRIP's guiding principle is that as global terrorism becomes a more complicated, diffuse and persistent threat, a broad church is required to come together to understand it, and unite against ideologies which above all seek to de-stabilise and divide. As this Conference Review attests, this broad church was in evidence in Brussels, IFTRIP's most ambitious conference yet. Joining representatives from all Member pools were senior figures from international (re)insurers, risk modelling firms, natural disaster pools, academia, asset managers, development institutions such as the OECD and IDF, and national security bodies such as NATO to discuss the most urgent challenges facing our membership.

We were also joined in Brussels by members of the Survivors Against Terror network, to hear their deeply personal stories, and discuss how to ensure victims and their families get the support and compensation they deserve following an attack. We will be carrying our support for this hugely important conversation into 2020 and beyond.

If you were able to attend the event in Brussels, I hope that this Conference Review provides a helpful reminder of the insights shared by the speakers and panelists. If you were unable to make IFTRIP 2019, this summary should provide an indication of the calibre of this year's speakers, and the quality of discussion enabled by bringing together experts and practitioners from such a broad range of disciplines. Either way, we hope to see you in Washington, in June 2020.



Julian Enoizi CEO Pool Re

An note from Francois Vilnet

It has been my privilege to serve as IFTRIP's inaugural President since 2016. In the space of a few years, the Forum has doubled in size, hosted four very successful conferences, and attracted significant interest and endorsement from the global (re)insurance and risk industry.

I believe that this strong platform for future success is testament to the value of bringing together the world's terrorism pools, a value unique to IFTRIP and a value which will be at the heart of the community's

growing momentum in the years ahead. Having led working groups on nuclear and cyber terrorism, I have seen first hand the benefits of a coordinated global approach to these challenges, and will follow the work of future groups with great interest.

Finally, I am very pleased to hand over to Dr Christopher Wallace, under whose leadership I know the Forum will continue to thrive. I wish him, and IFTRIP, every success.

An Introduction from Dr Chris Wallace Chief Executive, ARPC

I am honoured to be appointed President of IFTRIP at this exciting time in the Forum's development. Since its ratification in Canberra in 2016, IFTRIP has grown from an original eight member country pools to over 15 associated country pools. Terrorism has for some time been a global threat, and in an increasingly uncertain and volatile world, IFTRIP's growing momentum and growing participation is not only encouraging, but essential. During my tenure as President, I look forward to extending IFTRIP's outreach to Asian insurance markets, as well as highlighting the human impact of terrorism, and participating in working groups.

IFTRIP is the only partnership of its kind in the world, and as this Conference Review demonstrates, we are committed to enabling closer international collaboration and exchange between terrorism reinsurance pools, which must continue to adapt in order to remain relevant and valuable to the countries and markets they serve. I look forward to greeting participants and delegates in Washington next year; like Brussels, it promises to be a superb event, and will once again represent the world's largest gathering of public and private stakeholders engaged in understanding, financing and standing up to terrorism as an economic, but also very human risk.

We would also like to jointly take this opportunity to thank IFTRIP's inaugural President, Francois Vilnet, under whose strong leadership IFTRIP has swiftly developed into an established and internationally valued body. We wish him every success for the future.



Australian Government
Australian Reinsurance Pool Corporation



Chris Wallace Chief Executive, ARPC

Agenda | 10 October 2019



WELCOME

- 08.45 **Welcome Address** François Vilnet – Chairman, IFTRIP
- 08.55 **Introductions** Paula Jarzabkowski, Professor of Strategic Management, Cass Business School, City, University of London
- 09.00 **Keynote Address** Michaela Koller - Director General, Insurance Europe
- 09.20 **The view from Belgium** Belgian (insurance) landscape - Hans De Cuyper, CEO, AG Insurance, Chairman ASSURALIA, Belgium
- 09.40 **The view from Belgium** Belgian (threat) landscape - Stephan van Hauwe, Managing Security Consultant, OpSec bvba

SESSION 1

- 10:15 **Session 1: Technology and Modelling How technology can help map terrorism to enable insurers to assess, price and retain risk. (GeoMe, computational fluid dynamics etc.)**
Expert panel led by Steve Coates – Chief Underwriting Officer, Pool Reinsurance Company;
Panel: Mark Weatherhead, Managing Director, Head of Model Development, Guy Carpenter & Company Ltd, Andrew Coburn, Chief Scientist, Cambridge Centre for Risk Studies, Judge Business School, University of Cambridge, Robert Muir-Wood, Chief Research Officer, Risk Management Solutions

SESSION 2

- 11:15 **Cat Bonds Connecting capital markets to reinsurance risk**
Florian Steiger, Head of Cat Bonds, Twelve Capital AG

SESSION 3

- 12:00 **Proposition/Cover**
Expert panel led by Dr Christopher Wallace, Chief Executive, ARPC
Panel: NBDI - Michael Burle, Head of Marine, Liberty Specialty Markets; Motor - Dominic Clayden, CEO, Motor Insurers' Bureau; CBRN - Jerry Smith, Head of Advisory, CHC Global Ltd; Drones - Dr Monica Casado, Senior Lecturer in Integrated Environmental Monitoring, Cranfield University; Biological - Jake Jordan, Senior Director, NTI

SESSION 4

- 13:45 **Cyber**
Expert panel led by Julian Enoizi, Chief Executive, Pool Reinsurance Company Ltd
Panel: Wolfrom, Policy Analyst (Insurance), OECD, Conrad Prince – Senior Cyber Adviser, Pool Reinsurance Company Ltd., Eric Durand – Head Cyber Centre of Competence, Swiss Re, Bruce McConnell, Executive Vice President, EastWest Institute, Dr Manuela Zweimueller Senior Advisor on International Affairs, EIOPA

SESSION 5

- 14:30 **Hot Topics A discussion from the perspective of the customer, the insurer and the broker on the current issues in the terrorism insurance space**
Insurer panel led by Emma Karhan, Head of terrorism Specialty and Public Sector Partnerships, Aon UK
Panel: Richard Cutcher, Research & Development Manager, AIRMIC, Will Farmer, Strategic Head of Crisis Management, AXA XL, James Edward Skinner, Chief Underwriting Officer, Talbot Underwriting, James de Labilliere, Managing Director, Hiscox MGA

SESSION 6

- 15:45 **What have the extreme right learned from Islamist terrorists?**
Suzanne Raine - Affiliate Lecturer, Forum on Geopolitics, University of Cambridge

SESSION 7

- 16:15 **Radicalisation and victim compensation**
Brendan Cox, Co-founder, Survivors Against Terrorism

- 16.45 **IFTRIP Update** François Vilnet and Julian Enoizi
- 17.00 **Closing Speech** General Sir James Everard KCB CBE, Deputy Supreme Allied Commander Europe, NATO Supreme Headquarters Allied Powers Europe
- 17.30 **Closing Remarks** Paula Jarzabkowski, Professor of Strategic Management, Cass Business School, City, University of London

Keynote Address

Michaela Koller | Director General, Insurance Europe

Providing a fascinating overview of Insurance Europe's role and the range activities they undertake, Michaela opened the conference by highlighting how the industry could play a critical role in helping prevent money laundering and the fraudulent use of insurance products for the financing of terrorism - a salient topic Insurance Europe are advising on with regards to the regulatory framework Insurers in Europe operate under.

Michaela continued, highlighting some of the challenges in Europe surrounding victim compensation, which was also discussed in more detail later in the day. Presently Member states in the EU are mandated to maintain a fund for the payment of compensation to victims of road traffic accidents; however, Insurance Europe are of the view that these funds should not be used to pay victims of terrorism due to the constraints of those schemes and limits available to victims. In light of this, Insurance Europe are therefore advising National Governments to ensure that the architecture of their policy in this area has a workable plan to deal with victims of terrorism.

The growing threat from cyber-attacks and climate change were very much on Michaela's agenda, and the conference participants were provided with an overview of Insurance Europe's actions on both topics. Delegates heard:

- How Insurance Europe has an increasingly important role in advising policy makers with regards to the evolving cyber threat facing the industry, one of many new and emerging risks where the federation has positioned itself as a key interlocutor at the European level
- That greater information in these areas will help preparation and resilience for these hard to insure risks

“Insurance Europe has an increasingly important role in advising policy makers with regards to the evolving cyber threat facing the industry, one of many new and emerging risks where the federation has positioned itself as a key interlocutor at the European level”



Michaela Koller
Insurance Europe
Director General

Michaela Koller is director general of Insurance Europe, the European insurance and reinsurance federation. She is also secretary of the Global Federation of Insurance Associations (GFIA).

She chaired the Insurance and Reinsurance stakeholder group of the European Insurance and Occupational Pensions Authority (EIOPA) during its first two-and-a-half-year mandate and she was a member of EIOPA's Occupational Pensions stakeholder group for the last two mandates. She is currently vice-chair of EIOPA's Insurance and Reinsurance stakeholder group and testifies regularly at hearings organised by EU institutions.

The view from Belgium: Belgian (insurance) landscape

Hans De Cuyper | CEO AG Insurance,
Chairman ASSURALIA Belgium

Delegates were provided with a detailed update of the Belgium insurance industry's activities. More particularly, Hans provided focus into the specifics of terrorism insurance in Belgium, noting that cover has been compulsory for most private lines insurance products, like car, fire and life insurance, since 2007.

Hans explained the importance of Workers Compensation and the Objective liability for public places in the settlement of the 2016 terrorist attacks in Belgium. He also outlined the different layers of the Belgian compensation mechanism.

Hans updated delegates on TRIP, Belgium's pooling arrangement mandated to provide resilience to insurance companies and the government for their terrorism exposures. The current coverage provided by the scheme already provides full cover under the general conditions of the insurance contracts and Hans' view was that TRIP offers a better compensation than our neighbouring countries.

Hans' final point was to appeal for even better terrorism coverage, and he spoke of a proposal between the government and the insurance industry to:

- Ensure all victims would be covered, whether insured or not
- Cover all Belgian residents for attacks in Belgium regardless of nationality
- Cover all Belgian nationals abroad
- Cover all places and means or weapons
- To simplify the claims handling procedures for victims of terrorist attacks

“Cover has been compulsory for most private lines insurance products, like car, fire and life insurance, since 2007”



Hans De Cuyper
AG Insurance
CEO

Hans De Cuyper holds a Master Degree in Actuarial Sciences from the University of Leuven (1993) and an Executive MBA in Financial Services from the Vlerick Leuven Gent Management School (2004).

Hans joined Ageas group in 2004 as Director Insurance Management Asia in Hong Kong. In 2007, he moved to Malaysia as Chief Financial Officer in Etiqa Insurance & Takaful, the joint venture between Maybank and Ageas. From 2011 till 2013, he was member of the Executive Committee of Maybank, the leading Malaysian bank, and Chief Executive Officer for Etiqa.

From September 2013 until September 2015, Hans held the position of Chief Financial Officer of AG Insurance, Belgium's leading insurance company.

As from 1 October, 2015, Hans is Chief Executive Officer of AG Insurance. Hans is also chairman of Assuralia (the professional association for insurance companies in Belgium) since end 2016.

The view from Belgium: Belgian (threat) landscape

Stephan van Hauwe | Managing Security Consultant, OpSec bvba

Stephan's detailed analysis of the threats faced in Belgium from radicalization, extremism and terrorism described the breadth of domains currently causing concern such as; Jihadist, Extreme Right Wing/Neo Nazi, Extreme Left Wing/Anarchist, Nationalist, /Separatist and 'Single Issue'. The wide range of threat actors provides a unique set of challenges for security organisations in seeking to deter attacks.

Areas of escalating concern in the country were outlined, and some of the figures were shared which highlighted that there is a lot of activity.

Some key figures included:

- Circa 18,000 people known to be directly or indirectly linked to radicalization, extremism and terrorism currently in Belgium
- Mention of a possible 'insider' threat whereby around 60 members of the Armed Forces in Belgium were linked to radicalization; predominately Extreme Right Wing, but also Islamic Extremist
- An estimate that approximately 10 to 80 people were both capable and willing to execute a terrorist attack in Belgium, EU or abroad

The role of the media was also discussed, and it was noted that whilst some events are inevitably reported by the main stream media, the security services were keen to keep the majority of their preventative activities out of the media and social media domains, to reduce a negative culture of fear amongst the population. Media and social media reporting are widely used by terrorist organisations to further their own aims and disseminate their messages, and Stephan suggested media and social media organisations needed to be alive to this tactic and ensure their reporting did not inadvertently play straight into the terrorists' plan.



Stephan Van Hauwe
OpSeC bvba
Managing Security Consultant

Stephan started his career with the private security company Securitas, after which he was recruited as a Special Investigator for the DSS/Regional Security Office at the US Embassy in Brussels. Securitas hired Stephan again to manage Proximus, the largest telecom operator, the US Army bases and the European Parliament. Stephan then started his own security consultancy firm specialising in large national and international companies and organisations facing complex and dynamic threat landscapes.

“the security services were keen to keep the majority of their preventative activities out of the media and social media domains, to reduce a negative culture of fear amongst the population”

SESSION 1

Session 1 – Technology and Modelling: How technology can help map terrorism to enable insurers to assess, price and retain risk

PANEL CHAIR



Steve Coates
Chief Underwriting Officer, Pool Reinsurance Company

Steve is Chief Underwriting Officer and a member of the Executive management team at Pool Re, with responsibility for all aspects of underwriting and claims, including exposure management and modelling. Prior to this, Steve spent 12 years at Allianz UK, latterly as Head of UK Property and Casualty. He also spent a year with Allianz Australia in 2005/6. Before that he worked for Independent Insurance for 10 years, ending up as UK property underwriting manager. Steve started his career with Eagle Star where he worked in a variety of commercial underwriting roles. Steve is an associate of the Chartered Insurance Institute and is also an expert witness in insurance matters.

PANEL



Mark Weatherhead
Managing Director, Head of Model Development, Guy Carpenter & Company Ltd



Andrew Coburn
Chief Scientist, Cambridge Centre for Risk Studies, Judge Business School University of Cambridge



Robert Muir-Wood
Chief Research Officer, Risk Management Solutions (RMS)

Session 1 – Technology and Modelling: How technology can help map terrorism to enable insurers to assess, price and retain risk

The first of three fascinating panels of the conference focused on terrorism catastrophe modelling. Steve introduced the session by noting that advancements in the availability and sharing ability of information, coupled with technological advancements, have helped drive developments in terrorism modelling at an increasing pace.

Robert outlined the similarity of requirements to that of a natural catastrophe model for building a terrorism model. However, he went on to outline that whilst a natural catastrophe has an inevitably random nature in terms of strength and location of effect, a terrorist attack is likely to be targeted at cities and people, therefore removing much of the geographical footprint of any given country from likely consideration. In addition, all models rely on empirical evidence which for terrorism means understanding all the parameters of an attack, some of which is relatively easy to collect (size of target, type of attack etc.), however; human behaviour provides a unique challenge in the collation of such empirical evidence. Robert concluded by posing the question over how accurate terrorism models need to be for specific scenarios or whether the observance of scenario trends is enough to continue the establishment of terrorism models.

Andrew switched the focus towards the growing threat from Cyber. Consistent with other views evident at the conference,

Andrew noted that whilst there is a theoretical threat of a Cyber terrorist attack causing physical damage, the reality is that terrorist organisations do not yet have the capability to execute such an attack. Two thirds of the Cyber-attacks observed today are classed as criminal acts and terrorist organisations are currently more focused on using the internet as a vehicle for disseminating propaganda. However, there is stated intent by terrorists to reach a destructive capability through Cyber means. The differentiating characteristic of cyber is how it can scale, with one piece of malware capable of hitting large numbers of targets. The challenge for estimating the potential loss costs from large cyber-physical events is understanding the damage paths and common IT vulnerabilities shared by insured assets.

Mark closed the discussion by updating the conference on the broadening use of Computational Fluid Dynamics (CFD) as the bedrock of many terrorism modelling efforts. He noted the issue of the scalability of such models given the computational requirements needed to run them, as well as highlighting improvements in this area. Mark alluded to the increased knowledge we now have around attributes associated with terrorism models and how the focus would need to continue to evolve as requirements emerge with the evolution of the threat.

“Two thirds of the Cyber-attacks observed today are classed as criminal acts and terrorist organisations are currently more focused on using the internet as a vehicle for disseminating propaganda. However, there is stated intent by terrorists to reach a destructive capability through Cyber means.”

Session 2 – Cat Bonds - Connecting capital markets to reinsurance risk

Florian Steiger | Head of Cat Bonds, Twelve Capital AG

Florian provided delegates with a detailed review and explanation of the ILS market, paying particular attention to Cat Bonds. He explained that Cat Bonds are a relatively simple structure for alternative capital to induct into the insurance space. He noted the potentially divergent focus of ILS capacity which has a much shorter investment horizon than the dynamics the reinsurance industry tend to offer.

Regardless of the potential headwinds and differences between the sectors, most large investors will have looked at the space and some investors are now very experienced in the industry. With around a 6% net return per annum, this remains a compelling diversifying element to an investor's portfolio. Florian concluded his presentation by noting the need for the ILS community to expand away from the traditional nat cat perils covered by cat bonds into new lines of business. Terrorism is a compelling option and whilst Florian did not believe that it would ever constitute a major asset class for ILS investors, it could certainly grow from the fledgling roots of today.

During the Q&A session, Florian noted that the larger the deal, the broader the spread of cost a buyer would see and that \$80m constitutes the entry level size to make this worthwhile. He agreed on the role of governments in making ILS products an attractive investment opportunity and noted that since 2017 more capital has entered the industry at a time when questions have arisen on the 'stickability' of such capital.

“Terrorism is a compelling option ... it could certainly grow from the fledgling roots of today”



Florian Steiger
Twelve Capital AG
Head of Cat Bonds

Florian Steiger joined the portfolio management team of Twelve Capital in May 2017 with a principal concentration on Catastrophe Bond strategies.

Prior to joining the firm, Florian worked in London and Zurich in various roles in fixed income and structured credit. Florian started his career at Goldman Sachs in London as part of the bank solutions and credit structuring team with a focus on regulatory capital relief transactions, where Goldman Sachs acted as principal investor. Afterwards, Florian joined ZAIS Group, a structured credit hedge fund, before moving to Zurich to set-up and manage the Cape Fixed Income Fund at Cape Capital, a multi-family office and asset manager. Florian's focus throughout his previous positions has been structured and illiquid credit, such as CLOs and credit derivatives, as well as subordinated bonds of European financials.

Florian holds a B.Sc. degree in Management & Finance from the European Business School in Germany. During his studies, Florian spent time abroad studying at Harvard University in the US and undertook internships at McKinsey and HSBC.

Session 3 – Proposition/Cover

PANEL CHAIR



Dr Christopher Wallace
Australian Reinsurance
Pool Corporation (ARPC)
Chief Executive

Chris is Chief Executive of Australian Reinsurance Pool Corporation, a public sector owned reinsurer of commercial property losses for terrorism incidents. He is a Board Member of MIPS Insurance Pty Ltd, a medical indemnity insurer. Chris is a Member of the OECD High-Level Advisory Board on the Financial Management of Catastrophic Risks. His previous roles have included leadership and consulting roles in the insurance sector. Chris has a Doctor of Philosophy in Economics, is a Fellow and Certified Insurance Professional of the Australian and New Zealand Institute of Insurance and Finance and is a Graduate of the Australian Institute of Company Directors.

PANEL



NDBI – Michael Burle
Head of Marine, Liberty
Specialty Markets



**Motor –
Dominic Clayden**
CEO, Motor Insurers' Bureau
(MIB)



CBRN – Jerry Smith
Head of Advisory, CHC
Global Ltd



Drones – Dr Monica Casado
Senior Lecturer in Integrated
Environmental Monitoring,
Cranfield University



Biological – Dr Jake Jordan
Senior Director, NTI

“...the capability to weaponise drones now exists, both as a delivery method and as a direct weapon. Key targets were likely to be crowded spaces and aviation sites.”

The second panel of the conference was a broad ranging introduction to some of the emerging risks on the horizon. Michael noted the continually evolving requirements on the industry and how agile product change was a necessary propriety for companies. Particularly focusing on Non-Damage Business Interruption (both malicious and non-malicious), he noted how this is increasingly at the forefront of companies' key threats within the context of broader Business Interruption. Experiences from past events highlighted that cordons which might prevent operators accessing their business locations for an average of five days, could have devastating financial impacts for small businesses. Michael finished by noting how insurers would increasingly be required to offer consulting type services alongside the more usual insurance products.

Dominic updated the conference on how, in the UK, reinsurers had increasingly found it challenging to cover terrorism within motor treaties. Like many other market solutions where market failure is a potential scenario, it was decided that the MIB would assume the motor risk arising from terrorism and in turn would reinsure the peril with an aggregate reinsurance deal.

Jerry spoke about the multifaceted threats existent from Chemical, Biological, Radiological and Nuclear risks, and the relative ease with which anyone can source materials and learn methods to construct Chemical, Biological and Radiological weapons from open source texts. He also focused on the most recent example of such an attack in Salisbury, albeit this was not

terrorism. Disturbingly he described how the event required a national response whilst an area of Salisbury, roughly the size of two football pitches, went into effective lock-down in order to deal with the contamination. Jerry outlined some of the timelines for re-entry to properties following an attack (up to 12 months) and also explained how many of the emergency vehicles used in the incident were written off.

Monica provided the conference with some insights into the fast-developing capability and regulations surrounding drones. As technologies develop, so too do the regulations and in the foreseeable future it is expected that all drone pilots will be required to hold a license. Monica also noted that the capability to weaponise drones now exists, both as a delivery method and as a direct weapon. Key targets were likely to be crowded spaces and aviation sites. Capabilities to mitigate against drone attacks are developing but in concert with regulations, will require sign-off by the regulator.

In closing Jake discussed the biological threat, and how advances in biotechnology are making it easier to create and modify biological systems. For example, low cost and easily accessible synthetic DNA can be ordered online and then used to recreate an eradicated disease. Jake noted this is just one example of technology outpacing effective government oversight and exemplifies a growing trend of technological capabilities for which we can't easily predict where risks will emerge. This provided another avenue of risk for the industry to consider within the broader terrorism threat.

Session 4 – Cyber

PANEL CHAIR



Julian Enoizi
Chief Executive, Pool
Reinsurance Company Ltd.

Julian Enoizi is CEO of Pool Re. Julian has presided over the repositioning of the organisation including the renegotiation of Pool Re's relationship with HM Treasury, introduction of a more sophisticated underwriting proposition requiring an amendment to an Act of Parliament, the purchase of the world's largest terrorism retrocession programme, the launch of the world's first terrorism Catastrophe Bond and a significant investment into a partnership with the Home Office in respect of risk mitigation projects. In 2018, John Glen, Economic Secretary to the Treasury, described Pool Re as being "widely recognised as the world's leading terrorism pool".

Julian is a multi-lingual lawyer who has practiced internationally. He sits on the Advisory Board of the OECD International Network on the Financial Management of Large-scale Catastrophe and the CBI's Financial Services Council. A Freeman of the City of London, Julian was appointed a visiting Professor at the University of Cranfield in 2018 and in 2019 was recognised by Insurance Day as Industry Achiever of the year for his leadership and innovation in terrorism reinsurance.

Julian is an active speaker at conferences worldwide, advocating the importance of public/private partnerships and international collaboration to tackle difficult to insure perils facing the world today.

PANEL



Leigh Wolfrom
Policy Analyst (Insurance),
OECD



Conrad Prince
Senior Cyber Adviser, Pool
Reinsurance Company Ltd.



Eric Durand
Head Cyber Centre of
Competence, Swiss Re



Bruce McConnell
Executive Vice President,
EastWest Institute



Dr Manuela Zweimueller
Senior Advisor on
International Affairs, EIOPA

“...Cyber Terror can be destructive, i.e. creating a physical damage in a critical infrastructure, but also disruptive, for instance creating a large-scale confusion and outage in the financial IT-systems of a country.”

The penultimate panel of the day focused on Cyber, and Conrad addressed the extent to which terrorists have gained increasing abilities to execute cyber-attacks, which are evolving. He noted for example, that ten years ago Hamas capabilities were limited to the disfiguring of websites, whilst today they have the capability to develop malware which allows them to steal intelligence. Conrad explained that the Israeli Defence Force (IDF) conducted an air strike against the Hamas cyber headquarters in light of this identified capability and resulting threat. Of particular note was the requirement of vigilance against the insider threat, with British Airways cited as an example. It was evident that capabilities are most certainly developing and merit close attention by the insurance industry over the coming years.

Leigh expertly provided a broad overview of the work the OECD had conducted in identifying coverage gaps in the insurance market. Findings showed that none of the cyber policies surveyed included effective cover for property damage. Property policies can be triggered by destructive cyber-attacks although normally exclude terrorism from their coverage (except where a Terror pool provides support). Leigh noted that the Terror Pools are exposed to reputational risk if they do not respond adequately following an event. Many challenges remain, not least attribution and political sensitivities surrounding the confirmation of the perpetrator. As such, cyber terrorism remains a substantial risk.

Dr Zweimueller explained that EIOPA, the European Supervisory Authority for Insurance and Pensions, supports an incident reporting network or high quality database for capturing cyber incidents across Europe, to enable a Digital Internal Market and a robust digital economy in the European

Union. Cyber coverage is considered a prerequisite for a sound cyber market, including risk-based pricing, reliable underwriting standards and contractual conditions as well as cyber risk management and resilience. Adapting and widening coverages in the cyber space requires better and more granular data, particularly with regards to loss information. Such an incident database could therefore be beneficial for all stakeholders alike.

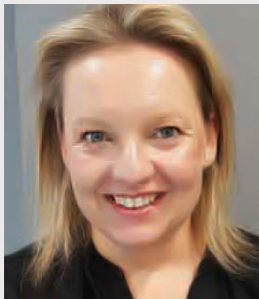
Bruce provided an explanation for what he felt the market required, suggesting that it would benefit from the creation of a Cyber Pool. He expanded upon reasons for the disconnect in the market between threat and coverage, resulting in emerging gaps which should be covered reinforcing that a Cyber Pool could sufficiently address this gap.

Eric concluded the panel discussion by comparing the usual Cyber insurance to insurance covers for Cyber Terrorism, offering that accumulation, attribution and a definition of Cyber Terror remain key hurdles within the industry. He asked the conference to consider whether Cyber Terrorism can be accurately defined due to the blurring of actors between high-level cyber criminals, cyber terrorists and state-sponsored cyber actions, asking who has to make the decision. He also underlines the fact that Cyber Terror can be destructive, i.e. creating a physical damage in a critical infrastructure, but also disruptive, for instance creating a large-scale confusion and outage in the financial IT-systems of a country. A fair sharing of interest and responsibility between all stakeholders - the insureds, the insurers and the State, possibly through the a pool - is paramount. Eric finally described the value of developing a public database of cyber incidents, which could help support the industry and incubate cover.

Session 5 – Hot Topics

A discussion from the perspective of the customer, the insurer and the broker on the current issues in the terrorism space

PANEL CHAIR



Emma Karhan
Head of Terrorism
Specialty and Public Sector
Partnerships, Aon UK

Emma joined Aon in 2018 to head up the Terrorism Specialty and also the Public Sector Partnerships for Aon UK. She joined from GC where she had built the terrorism specialty to be the market leader. She has worked with all the major reinsurance pools in various stages of their development.

Aon under Emma's leadership is looking to broaden their offering in terrorism to look at areas associated with the evolution of terrorism threat.

Emma spent 15 years at Guy Carpenter working in both New York and London, and latterly in leading client management for the Nordic Practice in the EMEA division. She began her career as an underwriting assistant in Sydney working for ReAC and then moved to New York to work as a consultant for KPMG Insurance Practice. She joined Guy Carpenter in New York in the Global Retrocession team, moving to London with GC 2 ½ years later.

PANEL



Richard Cutcher
Research & Development
Manager, AIRMIC



James Edward Skinner
Chief Underwriting Officer,
Talbot Underwriting



James de Labilliere
Managing Director, Hiscox MGA



Will Farmer
Strategic Head of Crisis
Management, AXA XL

The final panel hosted by Emma included a wealth of industry practitioners, discussing a broad range of topics, and responding to questions from the audience. The discussion addressed what drives competition in the terrorism market as well as defining the impact models and data have had on the market.

The discussion started with differing opinions on whether Cyber belongs within Terrorism as a class, with Richard explaining that AIRMIC members are less concerned about where a threat has originated from. If they experience a loss they want to understand if they are covered. He also queried what is preventing terrorism from having the take-up rates the market would like to see.

At this point James Skinner added that with time there is likely to be an increasing ability to price this risk. He noted that it might be interesting to consider event cancellation and loss of attraction. Most losses are retained within terrorism programmes; however, consideration is required of how to respond to the increased frequency of terrorism attacks as well as the percentage of large losses. Modelled output suggests the cap is right. The long-term view of Talbot Underwriting is that capacity may burn off and there may be an increased opportunity to charge more. Finally, James queried whether the terrorism market was equipped to respond to liability losses. For example, the shooting in Las Vegas was regarded as a liability loss. If it were to be forced back into terrorism market, would the market be able to respond?

Will mentioned that hoax events were challenges due to their likely emotional aspect. He noted, despite the recent benign years, there was still potential for a large claim and this should be priced in. He also added that the market is fragmented, and this can be confusing for clients. Furthermore, large and small clients have different requirements from their coverage.

James de Labilliere was keen to add that capital availability has impacted the terrorism insurance space, and that risk mitigation measures were also affecting pricing.

Emma suggested the panel address the ability for drones to be weaponized and Will presented the example of drones being used for agricultural spraying suggesting that one can imagine drones being similarly used to cause harm or damage. He added that the threat landscape is increasingly involving more sophisticated attacks which cause a logistical burdening.

In answer to a question from a delegate on what the significant gaps are in the market, Richard identified an absence of consistency and clarity as key issues. He stated that the market needed to stop thinking in separate lines and coverage silos.

Meanwhile James de Labilliere queried how policies might cover drone attacks. He alluded to the existence of a real gap in cover with reference to decontamination. He did however highlight that policies could respond quickly and that further to financial indemnification, there is a broader service offering which involved threat advisory services and clean-up post event.

“...James queried whether the terrorism market was equipped to respond to liability losses. For example, the shooting in Las Vegas was regarded as a liability loss. If it were to be forced back into terrorism market, would the market be able to respond?”

Session 6 – What have the extreme right learned from Islamist terrorists?

Suzanne Raine | Affiliate Lecturer, Forum on Geopolitics, University of Cambridge

Suzanne provided an excellent analysis of how terrorism has developed. She explored the extent to which what is referred to as the Extreme Right Wing (XRW), has essentially been learnt and adapted from techniques introduced by Islamist militants. According to Suzanne, the XRW is not a new trend and it has manifested across Europe. She referenced a series of incidents including multiple casualty attacks as well as the three European politicians killed by the XRW. Suzanne highlighted the increased instability in Europe alongside the elevated mobility of Islamist militants as factors contributing to this threat. She indicated the dissolution of a distinction between international and domestic terrorism and defined the extent to which XRW is a diverse, localised response to a set of problems. Right Wing Extremists tend to be uncoordinated as a global community.

Suzanne also addressed the common methodologies used by the XRW. These involve:

- Exploitation of Western freedom of speech legislation
- Exploitation of mainstream media to magnify messages
- The use of particular sites, such as on the dark web, to propagate its message
- The use of publicly available encrypted apps as well as the innovative use of social media advertising techniques

Suzanne stated that Right Wing Extremists had a very clear narrative which leveraged a shared philosophy with core influential texts and, given that its messages have been translated into multiple languages, it has widespread influence. She also suggested that XRW creates an illusion of being a coherent global organization, however in fact it is constituted by radicalized lone wolf actors. According to Suzanne, a basic single-man attack can be just as deadly as complex multi-actor operations. Their preferred weapons

include guns, knives and improvised explosive devices (IEDs) as they are easily available. They are likely to target locations from iconic landmarks to local or idiosyncratic sites, whilst focusing attacks on civilians. There is also an increasing sign of small XRW cells evolving. She referenced the sophistication of the Identarian Movement as an enabler of far-right ideologies. Suzanne concluded by berating the totally incoherent global response to the evolution of Right-Wing Extremism, which we have had ample time to develop a response to.



Suzanne Raine
Affiliate Lecturer, Forum
on Geopolitics, University
of Cambridge

Suzanne worked for 24 years in the Foreign and Commonwealth Office on foreign policy and national security issues. This included postings in Poland, Iraq and Pakistan. She specialised in counter-terrorism, holding a number of senior domestic appointments, including as Head of the UK's Joint Terrorism Analysis Centre from 2015-17. She was also a senior member of the government assessment community. She is now an affiliated lecturer at the Forum on Geopolitics in Cambridge.

Session 7 – Radicalisation and victim compensation

Brendan Cox | Co-founder, Survivors Against Terror

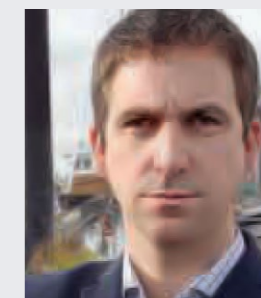
The final session of the conference saw a heartfelt presentation on why Brendan co-founded Survivors Against Terror, referencing the tragic murder of his wife Jo Cox MP by a far-right extremist.

Brendan outlined the two priority areas for Survivors Against Extremism:

- How we tackle terrorism more effectively as a country
- How we ensure victims and their families get the support they deserve

He expanded to share the view of the organisation that terrorism can be defeated if everyone in the United Kingdom pulls together and fights it more effectively. He emphasised the role of the organisation to give survivors a voice and to campaign for, amongst other things, strong support for the police and security services, better integrated and more inclusive communities, strong action by social media companies to stamp out hate speech on their platforms and a unified public response.

In the aftermath of an extremist attack, Brendan explained that whilst survivors had positive experiences of physical medical care, 76% had negative experiences of psychological trauma care. Brendan highlighted the need for speedy medical and psychological assessments following a terrorist attack, involving access to mental health support and long-term support. Brendan also addressed the need to change and improve the financial assistance and/or compensation following an attack. He mentioned that there are many examples where State benefits have been docked because of the compensation survivors have received. He said that insurance companies and governments needed to do better in terms of efficiency and kindness and humanity as extremism is an attack on the state not on the individual, referencing France as an example of a State which recognises this. In response, Survivors Against Terror is producing a comparative report looking at good and bad practices.



Brendan Cox
Co-founder, Survivors
Against Terror

Brendan Cox is a campaigner for more cohesive communities. In the last two years he has co-founded More in Common, which works to build more inclusive communities in France, Germany, the US and UK; Survivors Against Terror, a group of survivors of UK

terror attacks committed to tackling terror and the hatred that leads to it; and the

Jo Cox Foundation.

Brendan started work in the aftermath of the civil war in the former Yugoslavia, working with children who lost their parents in the war. He went on to work on conflict and atrocity prevention around the world with Oxfam and later as Chief Executive of the international conflict and genocide prevention organisation Crisis Action. He served as Special Advisor to the British Prime Minister Gordon Brown between 2008 and 2010 where he advised on international development, conflict and foreign policy. He has worked for and advised a number of organisations including Save the Children, the UN and the Bill and Melinda Gates Foundation. Brendan is the husband of the late Jo Cox MP and lives with their two kids on a boat on the River Thames.

Session 7 – Radicalisation and victim compensation

Brendan also touched upon the legal obligation venues have to keep people safe and stated that public spaces must have a robust security plan. He also addressed the need to change reporting on terrorism which propagates hate speech and replays videos as well as facilitating the spreading of hate manifestos, demonstrated by the events in Christchurch as an example. He explained that media cover could result in supporting the objectives of terrorists by amplifying terrorist attacks. Brendan praised the actions of the Prime Minister of New Zealand, Jacinda Ardern, who is taking steps to deny terrorists the notoriety they crave.

Finally, Brendan addressed the extent to which terrorism exploits State weakness and leverages it for its own ends. Economic and physical insecurity, generational change and ethnic diversity contribute to the weakening of the State. A whole country response is required to tackle the threat of terrorism.

“In the aftermath of an extremist attack, Brendan explained that whilst survivors had positive experiences of physical medical care, 76% had negative experiences of psychological trauma care. Brendan highlighted the need for speedy medical and psychological assessments following a terrorist attack, involving access to mental health support and long-term support.”

Closing Speech

General Sir James Everard KCB CBE | Deputy Supreme Allied Commander Europe, NATO Supreme Headquarters Allied Powers Europe Capital AG

With a powerful closing speech, the General provided the audience with an analysis of how NATO views the current situation with regards to the Alliance’s security and response. He noted that the organisation is as relevant today as it ever has been, reliant on members and their investment to achieve NATO’s commitment to a collective defence. Pressures exist on the NATO Eastern and Southern flank from State and Non-State actors, operating on an overt or proxy basis; NATO is addressing the threats posed by Russia and International terrorist groups. He posed that NATO continues to provide collective security in a world that is more uncertain and dangerous across a catalogue of issues facing members of the Alliance.



General Sir James Everard KCB CBE
Deputy Supreme Allied Commander Europe, NATO Supreme Headquarters Allied Powers Europe

General Everard commissioned into the 17th/21st Lancers in 1983 and spent his formative years in the British Army on the Rhine as a Cavalry Officer. He has commanded at every level of the British Army and in March 2017 assumed the role of Deputy Supreme Allied Commander Europe. He is primarily responsible for generating military capabilities for NATO missions, operations and activities.

An avid reader of history, he is interested in military symbology – collecting badges from around the world. He enjoys dog walking, swimming, skiing and shooting. He is married with three children.

“...(NATO) is as relevant today as it ever has been, reliant on members and their investment to achieve NATO’s commitment to a collective defence”

Gala Dinner Guest Speaker

Jamie Shea | Friends of Europe and University of Exeter, Senior Fellow and Professor of Strategy and Security

In a more relaxed setting, during the Gala dinner, delegates heard from Jamie, who shared his views on terrorism around the world following a prolific career at NATO. He opined on areas of terrorism that he felt we should be conscious of and dealing with. Islamic Extremism, for the foreseeable future, will be ever-present and in his opinion, it was likely that IS will reappear, albeit perhaps in a different guise. Jamie noted the cleverness of the narrative of the XRW versus Liberal Democracies; somehow the XRW are able to offer viewpoints and messages that, to the naked eye, hide the true reality of their position, hence their increasing popularity. Dealing with radicalisation as well as maintaining a footprint 'upstream' within areas of the world where terrorism breeds was to be vital to the success of countering terrorism. Jamie was firm in his belief that keeping capabilities forward based was an important component of this. Overarching his speech, he noted that with the gradual retreat of liberal democracies, terrorist organisations would find it increasingly easy to grow.



Jamie Shea
Friends of Europe and University of Exeter, Senior Fellow and Professor of Strategy and Security

- NATO official from 1980 until 2019
- NATO Spokesman 1993 to 2000
- NATO Director of Information and Press 2000 to 2004
- NATO Director of Policy Planning 2004 to 2010
- NATO Deputy Assistant Secretary General for Emerging Security Challenges 2010 to 2018.

“Dealing with radicalisation as well as maintaining a footprint ‘upstream’ within areas of the world where terrorism breeds was to be vital to the success of countering terrorism.”

Notes



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