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*Special Risks Association a possible solution*

# Governments, insurers must share views on terrorist cover

**EDWARD WEST**

CAPE EDITOR

Cape Town – The SA Special Risks Association (Sasria) could come under scrutiny in other countries as the world undergoes a review of insurance against terrorist acts, according to Alexander Weissleder, the managing director of Swiss Re Southern Africa.

Sasria is one of five state-supported mechanisms worldwide that creates reinsurance capacity with the purpose of covering losses caused by terrorists.

The global parent of Swiss Re Southern Africa, one of the leading reinsurers globally, recently undertook an international study that concluded terrorism was only insurable on a limited basis.

It suggested that governments and insurers collaborate on solutions.

"A risk is only insurable if it is possible to measure the likely extent and frequency of future loss. The South African experience suggests special treatment is necessary if cover is to be extended.

"State intervention or public-private partnership is required. Otherwise, insurers will simply insert terrorism exclusions into

policies," said Weissleder.

He said over time it might be possible to privatise state-supported instruments.

But the South African experience suggested that the willingness of private institutions to take on these responsibilities tended to diminish as soon as the international risk climate began to deteriorate.

"A return to political stability inside South Africa following the elections prompted speculation Sasria might be privatised. Since September 11 2001, that speculation has faded into the background," said Weissleder.

In the UK insurers offer limited terrorist cover, with the excess taken up by Pool Re, a state-supported fund set up when international reinsurers withdrew from the UK following IRA attacks.

Spain has a state insurance facility, Consorcio, to cover extraordinary risks including terror. The Israel mechanism, PTCG, covers property losses resulting from war.

On January 1, the French set up Gareat, a pool with a state guarantee to assure terrorism coverage.

The US is considering a terrorism risk mechanism, but a decision has not yet been made.