

# Terrorism Brings Increased Uncertainty to the Market

In 2001, a new level of risk entered the insurance arena, introducing uncertainty into global markets. The Al-Qaeda terror attack on the World Trade Centre in New York on 9 September 2001, which killed 3000 people, sent shock waves throughout the world. With Sasria's expertise in special risks insurance, the international community looked to its model for guidance in developing their own insurance schemes against terrorist attacks, attesting to Sasria's global influence and leadership in this space.

As a direct result of the 9/11 events, a second actuarial analysis was conducted in Sasria. The analysis revealed that Sasria needed to increase its reserves

and it was recommended that there be a 20% increase on the premium. SASRIA had consistently reduced its premiums between 1994 and 1999, at which point they had then remained static. As a result of these terrorism events, Sasria's premium increase was effected in 2003. In addition, Sasria had to purchase more reinsurance and reinsurers insisted that the Nuclear, Chemical and Biological Terrorism Exclusion be added to the Sasria policy wording.