



# **The Perception of Terrorism in Pakistan and the Advantages of a Local Solution**

# The London Market Today

- Post September 11<sup>th</sup> 2001, saw a surge in standalone demand
- All types of occupancy from all regions around the world
  - Not just traditional target buyers
- 2009 total Lloyd's income GBP 391m
  - North America – GBP 90m
  - Western Europe – GBP 75m
  - Asia Pacific – GBP 40m
  - Central & Latin America – GBP 25m
  - Middle East & North Africa – GBP 32m
  - Multi National programmes – GBP 131m
- Pakistan currently accounts for just under GBP 6m – 1.5% of total premium income.



# Pakistan & Terrorism

- Terrorism is definitely an everyday issue in Pakistan
  - On-going internal conflicts
- Terrorism incidents consistently making international headline news
  - Marriott Hotel bombing in September 2008, Islamabad
  - Pearl Continental Hotel bombing in June 2009, Peshawar
  - Federal Investigative Agency building in March 2010, Lahore
- Western interests often attacked
- High number of casualties



# Marriott Hotel bombing in September 2008, Islamabad



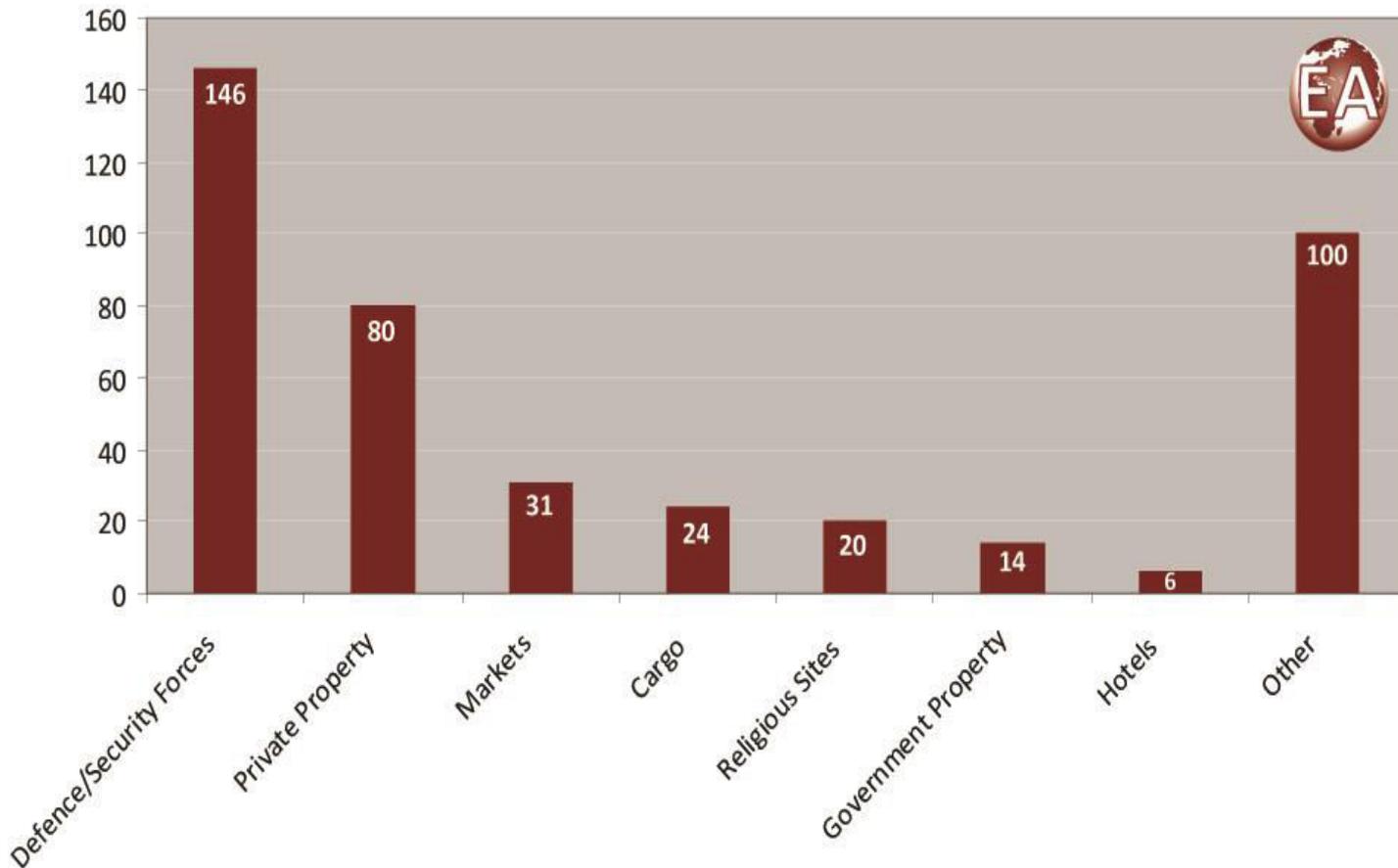
# Pearl Continental Hotel bombing in June 2009, Peshawar



# Federal Investigative Agency building in March 2010, Lahore



# Attacks by Segment: 1 Jan 2009 – 31 March 2010



# So what does this mean for Underwriters?

- Location and occupancy therefore become critical
- Underwriting factors:
  - Do the assets attract large crowds?
  - Is the insured asset well secured?
  - Is there any metropolitan exposure?
  - Is the property Western owned or affiliated?
  - Are the insured assets government owned or have a military involvement?
  - Is it in anyway related to Religion?

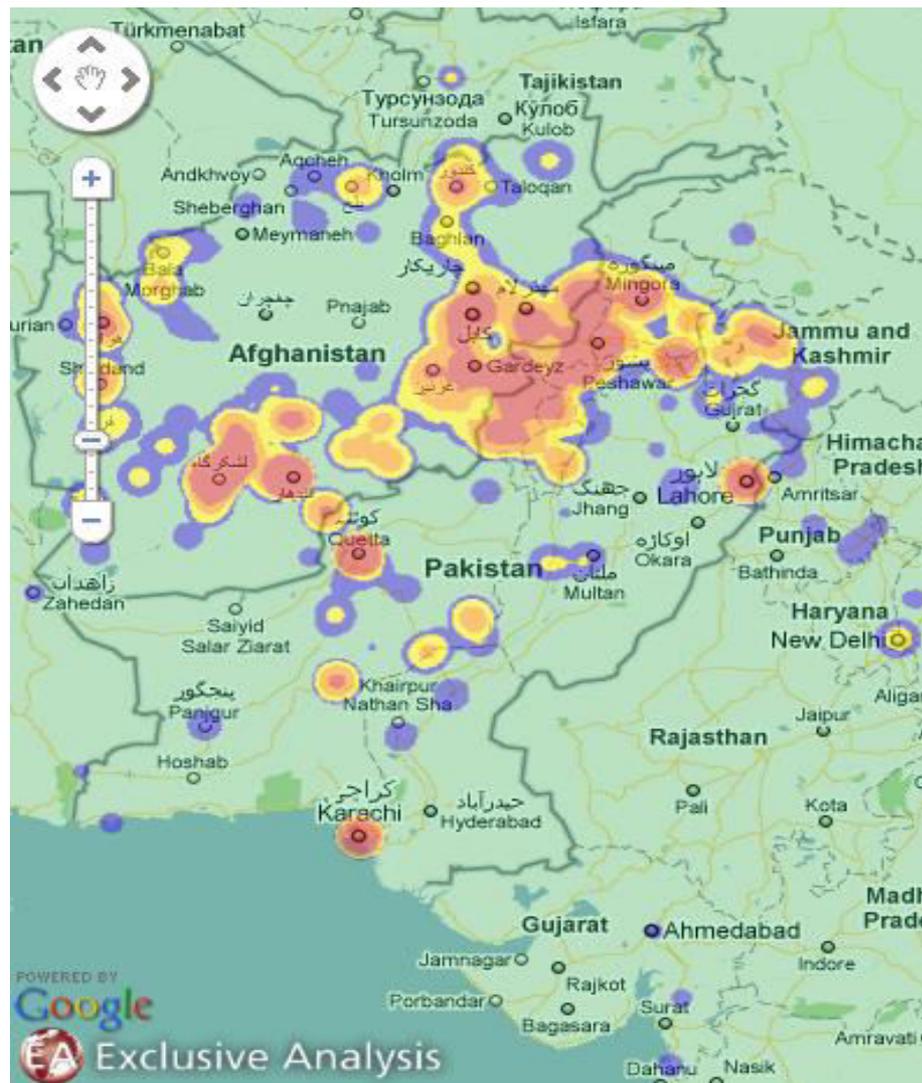


# Perception versus Reality

- Often the Perception is worse than Reality
- There is a tendency by the media to sensationalize these incidents and the situation in Pakistan generally
- The media is often guilty of distorting the truth
- Leaves the impression that all areas are threatened by Terrorism
- However, Pakistan is a large and diverse country
- Many areas are unaffected by Terrorist activity
- Sometimes it is difficult to distinguish the better risks



# Conflict Map



# How can Perception be Improved?

- Accuracy of information
  - Aggregate Management
    - Longitude & Latitude Co-ordinates
  
- Relevance of information
  - Detailed Security
  
- Input of International Brokers and Risk Consultants
  - PML and Security Studies
  - Professionalism
  - Clear Presentation of Information



# Advantage of a Local Market

- Risk selection
  - Enhanced appreciation of local politics and social tensions
- Direct access to the business
- Language and custom
- Speed of service
- ACE Pakistan is the only standalone Terrorism market in Pakistan
- ACE is the only company in Pakistan with an international financial strength rating of A+

