



The Reinsurance Research Council
Le Conseil de Recherche en Réassurance

BULLETIN 21

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RRC

Fire-following Nuclear, Terrorism and Earthquake Events

The Insurance Bureau of Canada, in its General Bulletin 244 dated September 23, 2003, has proposed policy wording suitable to remove the **fire-following** exception in Nuclear, Terrorism and Earthquake exclusions. The Reinsurance Research Council strongly supports this position, recognizing that certain peril aggregations may be beyond the scope of Canada's general insurance market.

As early as January 1st of 2004, reinsurers may require **fire-following** exceptions be removed from events involving Terrorism and Nuclear exposure, on all new and renewal multi-peril policies, through appropriate amendments to the recommended IBC policy language, or through the adoption of the RRC recommended Terrorism exclusion, Bulletin # 16, and Nuclear exclusion, revised Bulletin # 20, or both.

Bulletin 22 provides sample wording for Riders for the RRC Nuclear and Terrorism exclusions. These riders are specific comfort clauses in the event the decisions of the Supreme Court of Canada in *KP Pacific Holdings Ltd. v. Guardian Insurance Co. of Canada*, 2003 S.C.C. 25 and *Churchland v. Gore Mutual Insurance Co.*, 2003 S.C.C. 26 are not applied by a court of competent jurisdiction and reinsurers may wish to provide cover.

Note that the RRC recommended Terrorism exclusion and the revised Nuclear exclusion can be found on the RRC web site www.rcccanada.org under Bulletins # 16 and # 20 respectively.