

## What is IntAP?

In the 1980's the Insurance and Reinsurance industries recognised a threat to their survival; the emergence of bodily injury and property damage claims, arising in the USA, allegedly caused by exposure to asbestos, pollution of the environment and hazards to health through exposure to various toxic substances. (APH claims).

Although US liability claims are often problematic, what made APH claims so difficult was their latency. Industrial pollution had continued in the USA for some 100 years but only recently has public concern arisen. Diseases caused by exposure to asbestos can take 50 years to develop.

Insurance premiums, terms and conditions, set many years ago, had not taken into account such contingencies. Moreover, insurers held very little in reserve to pay these claims.

The London Insurance Market (Companies and Lloyds's Syndicates), where many USA liability insurances were placed since the 1940's, was particularly heavily exposed to these emerging APH claims. However, London had also relied on reinsurance to 'lay off' some of these exposures.

Reinsurance is the mechanism whereby insurance liabilities are shared amongst other insurers or specialist reinsurers through a chain of contracts. Some reinsurance is 'back to back' where the contract will pay as the original policy pays. On the other hand, some contracts may have different terms and conditions or be governed by different law from the original policy. In these cases, coverage is not a foregone conclusion.

This is particularly true for the London Market, where these USA liability risks had been laid off to many international reinsurers.

For these international reinsurers, exposed to potential APH losses from their London reinsurances, there was concern that coverage might be imputed where there was none under the prevailing law. Also, outside of the USA, there was very little expertise in dealing with APH claims, apart from those personnel employed by the London reinsureds.

As a means to remedy this lack of knowledge, in December 1991, 41 reinsurers joined together to form IntAP e.V. The International Alliance of Asbestos and Pollution Reinsurers. (See 'IntAP Past and Present' and 'List of Members').