

Tom Clementi
Pool Reinsurance Company Limited
Equitable House
47 King William Street
London,
EC4R 9AF

www.gov.uk/hm-treasury

20 August 2025

Reinsurance (Acts of Terrorism) Act 1993: Definition of an "Act of Terrorism"

Dear Tom,

Under the Retrocession Agreement between HMT and Pool Re, made under the 1993 Act, HMT has a role in certifying whether a particular incident falls within the definition of an 'act of terrorism' contained therein, and hence whether the incident would be covered by Pool Re.

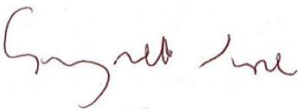
In 2004 the Treasury made public a letter containing general principles of interpretation that HMT would expect to be guided by in applying the definition. Following on from discussions between HMT officials and Pool Re, please find an updated set of general principles outlined in annex A. This letter supersedes the 2004 letter.

I must stress that these principles do not change the cover provided by the Pool Re scheme but only seek to clarify the existing situation. They cannot be taken as a definitive legal interpretation and are not offered as legal advice to parties who might be affected by the scheme, nor as any legally binding undertaking by HMT to any person.

I hope that these principles will be of use to professionals in the insurance industry as a clarification of the existing situation and would be grateful if you could pass this information to your members.

The contents of this letter and principles annexed to it were made available on HMT's website on 20 August 2025. I am also copying this letter to Hannah Gurga at ABI and Graeme Trudgill at BIBA.

Yours sincerely,



Gwyneth Nurse
Director General, Financial Services, His Majesty's Treasury

Annex A: Definition of “Act of Terrorism” in the Reinsurance (Acts of Terrorism) Act 1993.

In applying the definition of “acts of terrorism” in section 2(2) of the 1993 Act in the context of the Pool Re scheme, HM Treasury would expect to be guided by the following general principles of interpretation.

In view of the fact that the definition has not been the subject of a judicial decision, these principles cannot be taken as a definitive legal interpretation. Nor are they offered as legal advice to parties who might be affected by the scheme, or as any legally binding undertaking by HM Treasury to any person.

- The essence of the definition is the relationship between the act in question and an “organisation”.
- The scope of the term “acts” is not expressly limited to, for example, physical acts and does not expressly exclude acts such as threats.

“Organisation”

- The scope of the term “organisation” is not expressly limited, and includes “any association or combination of persons” (section 2(3)). Diffuse, decentralised structures would not be excluded.
- There is no defined upper or lower limit on the numbers of persons required to constitute an “organisation”, and no express minimum duration for its existence as such. However, it is clear that there would need to be a significant element of continuity before an “organisation” could be said to exist: persons acting spontaneously in concert (without more) would be unlikely to constitute an “organisation”, although their actions might still be carried out “on behalf of”, or “in connection with” an organisation (see further below).

“Acts” and “persons”

- The terms “acts” and “persons” include the singular in accordance with section 6 of the Interpretation Act 1978 because no contrary intention appears in the 1993 Act.

Acts “on behalf of” or “in connection with” an organisation

- The act in question needs to be related to the organisation. However, the act would not need to be carried out by a member of, or person authorised by, the organisation. The fact that it was carried out by a sympathiser, or “cell” acting independently of the organisation’s hierarchy would not exclude it from the definition.
- In the case of a sympathiser acting alone, the mere fact of sharing an organisation’s objectives is unlikely to be sufficient. There would probably have to be something additional to connect the act to a specific organisation. However, there would be a variety of circumstances that could potentially establish a connection of the required kind.

“Overthrowing or influencing a government by force or violence”

- The organisation must be one which carries out activities directed towards overthrowing or influencing a government by force or violence.
- The activities relied on to characterise the organisation need not of themselves be forceful or violent, provided they are directed towards overthrowing or influencing a government by such means (e.g. an organisation whose activities were limited to funding or otherwise supporting the forceful or violent acts of others would not be excluded).
- The government in question may be anywhere in the world and may or may not be recognised.

- “Multi-purpose” organisations are not excluded. An organisation is not excluded merely because it carries on a diverse range of activities, provided that at least some of them are directed towards the overthrow or influencing of a government by force or violence.
- The precise motive, or subject on which influence is sought to be brought to bear makes no difference: it could be political, ethnic, religious, cultural, or anything else.
- The “force or violence” envisaged does not have to be carried out by the organisation itself, nor does it need to be successful in its aims. The fact that the organisation’s activities are directed towards the end of exerting influence over a government by force or violence would be sufficient.
- The fact that an organisation’s activities are not aimed at specific government targets would not be decisive: the organisation might seek to influence a government by attacking private property, and would not fall outside the definition for this reason.