

UIB TERRORISM

INSURANCE HANDOUT



With worldwide terrorist activities increasing in frequency and severity, never has the need been so great for Terrorism cover to be bought to protect your assets, interests and Liabilities.

The odds of a terrorist attack on your property are difficult to predict but the potential damage and liability is enormous. The September 11th attacks in 2001 resulted in an estimated loss of USD 31.7bn.

The modern terrorist does not just target government owned property with more and more attacks now being carried out on the private sector. We are constantly seeing attacks on hotels, airports, restaurants, bars, market places, all modes of public transport, refineries, pipelines, entertainment and leisure facilities, construction projects, manufacturing facilities and offices and banks.

Most Liability and Property insurance policies now automatically exclude terrorism cover because of the unpredictability of an event and the potential for huge losses. At the same time many banks and lenders require terrorism cover be in place before loans are processed, credit facilities made available and projects are funded.

The purchase of terrorism cover is also an illustration of good corporate governance which would portray your company in a positive light with other insurers with whom you are purchasing different cover, as well as highlight how responsible you are to local and national authorities.

The terrorism market has matured since 9/11 in terms of products and capacity that is available. In November 2001 finding USD 100m stand-alone capacity was a big challenge. Market capacity in 2009 is estimated to be up to USD 3bn.

FOR FURTHER INFORMATION

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The standard terrorism policy called LMA 3030 covers Physical Loss or Damage resulting from an act of terrorism as a base wording. This wording can be tailor made and amended for individual needs, and exclusions can be addressed if a particular exposure exists.

Coverage can also be purchased for Business Interruption resulting from an act of Terrorism causing Physical Damage. The standard policy for this cover is provided via LMA 5039.

There are a number of “buy backs” which can be added to the LMA 3030 and LMA 5039 wordings to broaden coverage, all for an additional premium.



Alternative coverage that can be purchased includes:

Strikes, Riots and Civil Commotion.

Political Violence including terrorism, Sabotage, Strikes Riots and Civil Commotion, Malicious Damage, Insurrection, Revolution, Rebellion, Mutiny and Coup d’Etat, War and Civil War.

The definition of an Act of Terrorism is as follows:-

An Act of Terrorism – An act (including the use of force or violence) by a person or group committed for political, religious or ideological purposes with the primary intention to influence any government. They may be either acting alone or in connection with any organization.

Malicious Damage – All physical loss or physical damage resulting directly from a malicious act caused by anyone. This act does not need to be committed during a disturbance of the public peace, and shall include loss caused by Sabotage and acts committed by any people who are members of an organization whose aim is to over-throw any legal or de facto Government by terrorism or violence.

Sabotage – The act of deliberate subversion that causes damage or destruction of assets, either incidental or arising out of an Act of Terrorism or Malicious Damage.

At UIB, our dedicated team of terrorism specialists pride ourselves on our innovative marketing approach to placing terrorism cover and developing solutions for our clients’ needs.

We are a leading worldwide insurance broker dealing with blue chip multi-national companies to private business and regional companies and have developed a substantial knowledge of terrorism cover in all territories.



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