

knowledge series

Insurance Cover against Terrorism

Introduction

In the present scenario of continually increasing terrorist attacks in India, we would like to accentuate to you the available terrorism coverages, to safeguard your interests on your assets and human resources. Most organisations are unaware of the level of terror risk faced by them. And even after buying terror insurance covers for their properties and possible business disruptions, companies may not exactly be clear on the impact of death and devastation from a terror attack on their balance sheets.

Scope of Terrorism Cover

Terrorism Coverage is provided as an additional cover to all risks underwritten under fire, engineering and property section of miscellaneous classes of business. For Personal Accident policies, Terrorism is an inbuilt cover.

Terrorism Pool

The Indian Market Terrorism Risk Insurance Pool was initiated by the Indian Non-Life Insurers in 2002. The Pool is managed by GIC Re. The entire terrorism premium is ceded to the Pool and results are shared by the pool members in proportion to their respective capacities provided.

Meaning of Terrorism

An act of Terrorism means an act, including but not limited to,

- the use of force or violence and the threat arising out of that.
- of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or governments(s), committed for political, religious, ideological or similar purpose, including the intention to influence any government, and to put the public or any section of the public in fear.

Salient Features

- Terrorism cover is taken as add on cover by payment of additional premium at the option of the insured.
- The Sum Insured opted for can include Material Damage & Business Interruption.
- The maximum aggregate loss (Material Damage + Loss of Profit) payable per compound/risk/location is Rs. 750 crores.
- The premium charged will vary based on the risk occupancy (i.e. Industrial/Non Industrial /Residential) & on the Sum Insured.
- The coverage is subject to an excess of 0.5% of the total sum insured subject to a



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minimum of Rs. 1 lakh on each and every claim (in respect of both material damage and loss of profits combined) and a maximum of Rs. 10 crores for each and every claim.

- Midterm inclusion of Terrorism Coverage is not allowed.
- Terrorism Cover has to be taken only in conjunction with Property or Engineering covers.

Important Definitions

Event: Losses arising during a consecutive period of 72 hours.

Location: As specified in the policy.

Exclusions

It does not cover loss of or damage caused by

- Total or partial cessation of work or the retardation or interruption or cessation of any process or operations or omissions of any kind.
- Permanent or temporary dispossession resulting from confiscation, commandeering, requisition or destruction by order of the Government or any lawfully constituted Authority.
- Permanent or temporary dispossession of any building or plant or unit of machinery resulting from the unlawful occupation by

any person of such building or plant or unit or machinery or prevention of access to the same.

- Burglary, housebreaking, theft, larceny or any such attempt or any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) in any action taken in respect of an act of terrorism.
- Loss or damage, cost or expenses of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to action taken in respect of any act of terrorism.

For further information or to buy additional cover against terrorism, please email your request to

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