

The Homegrown threat of terrorism

By Matt Dross, Socius Insurance Services

The homegrown threat of terrorism is real as evidenced in San Bernardino, CA and nearly three years ago at the Boston Marathon and is on every American's mind.

The Terrorism Risk Insurance Reauthorization ACT (TRIPRA) was enacted after the 9/11/2001 attacks by the federal government and there has never been a paid loss by this program.

The reason there has never been a paid loss by this program is that the terrorist act must be certified by both the Secretary of Treasury, after consulting with the Secretary of Homeland Security, and the Attorney General.

The San Bernardino incident may be the first terrorist event to be characterized as a certified event, this is yet to be determined.

With that being said, there is broader Terrorism coverage available offered by our partners domestically, in London & Bermuda. Lloyd's of London paved the road for this coverage and continue to enhance the coverage available to include Strikes, Riots & Civil Commotion. The coverage offered is typically referred to as T3, Terrorism Physical Damage and Loss of Income.

- Clear definition of terrorism event (T3) stated in the policy wording that covers a broad range of attacks including:
 - Acts committed for political, religious and ideological purposes.
- There is not a trigger with the T3 form that requires any government certification, this is key.
- Pricing for the T3 coverage is competitive with the TRIPRA typically offered.

There is also Terrorism Liability Insurance offered by our partners that provides coverage for Third Party property damage and liability and nuclear or biological liability. Again, the key with this coverage is that there is not a trigger requiring government certification. A third party claims example is a Real Estate Management Company with a portfolio of properties spread across the Southeast USA. A tenant in one of their office buildings is the target of a religiously motivated bombing; the bombing spreads shrapnel throughout the lobby and surrounding offices. This strikes multiple businessmen within the building causing bodily injury.

As the Homegrown Threat of Terrorism grows, the London market has recently

developed Deadly Weapon Protection for USA educational providers and Loss of Attraction for the hospitality industry.

Educational providers are the second most likely place for an active shooter event and this policy would provide coverage for lawsuits developed out of a deadly weapon attack. Sub-limits for crisis management and post event counseling are available along with risk assessment of insured locations.

Loss of Attraction would provide coverage where a traditional terrorism policy would not. For instance, if the insured resort was not physically damaged by a terrorist attack but the resort down the street was attacked. This causes cancellations and dramatically reduces revenues, the Loss of Attraction policy would provide coverage to the insured for this disruption and loss of revenues.

Socius Insurance Services have established relationships with the carriers offering these unique coverages. Please contact myself or any of our other brokers for additional information and submission requirements.