

# TERRORISM newsflash

A newsflash from R K Harrison Insurance Brokers - Terrorism Unit

## Nuclear, Chemical, Biological & Radioactive (NCBR) Terrorism Coverage

### Summary

NCBR coverage provides cover for the majority of losses in the event of an Act of NCBR Terrorism. This coverage differs from previous NCBR type coverages in that the location of the terrorist 'event' needs to be predefined. The coverage does not cover threat of NCBR Terrorism, only an actual NCBR Terrorist event.

### Area Covered

The area covered will be predefined and can be done so in many different ways. Typically, this will either be defined by legal boundaries such as a US state, or very simply by a precise location (geocode) and a radius, which would define the circle of coverage. We would normally expect single location coverage (e.g. airports, stadiums) to be defined by the geocode and radius method, and reinsurance of books of primary business (e.g. workers compensation, groups of individual property insurance) to be defined on the state basis.

If the event originates outside this area, no coverage is provided.

### Origination Location

The place where the event took place is defined by the Origination Location. This is the location where the first identifiable act of violence (as a result of the NCBR Terrorist Act) took place.

In the event of a dispute over the origination location – the location will be determined by a court of law. All other aspects of the policy can be determined by arbitration.

### Limit

Insurers can currently provide an aggregate limit of up to \$100m - \$150m per location/risk – the leading Insurer is Catlin, Bermuda which has the ability to write up to \$50m per location/risk. R K Harrison is in the process of seeking additional capacity.

### Pricing

Pricing will vary dependant upon:

1. The perceived risk of the insured location.
2. The size of the area covered.
3. The proximity of the location to other targets.

### Key Policy Terms

1. Aggregate Limit with deductible.
2. Burden of proof lies with the Insured/Reinsured.
3. Coverage can be provided on an insurance or reinsurance basis and can cover workers' comp, liability, property damage, medical expenses and business interruption.

Further information available on request from:

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