

Worrying times: Are You Covered?

OVER the last few years, the terrorist atrocities which have taken place in Madrid, Istanbul, Bali, New York and Washington have made global headlines. On July 7, 2005, the attacks on the London transportation system, together with the failed attacks of July 21, 2005, have, in many cases, brought this potentially devastating outcome home.

It is virtually impossible to predict where and when these attacks are going to happen. The extreme terrorists groups which carry out such attacks can strike at Western civilisation at anytime. These groups give little or no warning and aim for maximum loss of both life and property.

You may think that your business would not suffer significant losses as a result of a terrorist attack; you should remember that it is not only the potential damage to your property that you could be looking at. Attacks can deny access to your buildings for substantial lengths of time, interrupt cashflow and present huge unforeseen costs.

The attacks which took place, most notably in New York and Washington, were far in excess of anything the insurance industry or the world had ever imagined and these attacks were at the forefront of the revision in terrorism insurance arrangements.

The way in which terrorism insurance was provided changed substantially on January 1, 2003. It was previously agreed that the general insurer provided up to £100,000 per head of cover for terrorism insurance. Pool Re (the Government organisation which previously underwrote terrorism insurance) became the company which, on request, would provide full terrorism insurance quotations and cover.



STEVEN MOORE

Since January 1, 2003, Pool Re offered cover by allowing its member insurers to facilitate their own underwriting of terrorism insurance. This allowed the insurance companies throughout the UK to provide their own terrorism insurance. The downside of this agreement, however, was insurers removed the £100,000 per head of cover extension under their policies and replaced it with a 'total terrorism' exclusion.

Nowadays, unless specific terrorism 'buy-back' insurance cover is requested, businesses will not be protected in the event that a terrorist attack takes place which affects their business. Some 'restricted' cover applies in respect of employer's liability in which most insurers automatically apply a limit of £5,000,000.

The rates for which terrorism insurance were previously charged have increased dramatically over recent years, but cover can still be purchased for as little as £25 + insurance premium tax. Cover is also given on the wider 'all risks' basis (including damage caused by chemical/biological contamination) as opposed to the previous fire and perils basis. Cover is available for property damage, business interruption, contractors' all risks (CAR) and liability risks.

At Taylor Patterson we can advise in both the risk management and security area using both external associates and our own in-house staff. These combined facilities and advisory services may help you minimise any such devastating loss to your business.

If you require a quotation for your business or any additional information generally, please contact Steven Moore on 01772 555073 or email steven@taypat.co.uk