

Terrorism Insurance

What is Terrorism Insurance?

It was introduced in the early 1990's when the Government decided to no longer cover the cost of Terrorist incidents from the national revenue and formed a joint venture Insurance Company (Pool Reinsurance) with the insurers to collect premiums and pay claims arising from acts of Terrorism.

The cover from Pool Re is on an "All Risks" basis and applies if the cover has been purchased and the incident is deemed to be an act of Terrorism by the Government.

Pool Re aren't the only Terrorism Insurance provider we have access to other schemes which are underwritten at Lloyds and are generally cheaper as they have a higher excess (usually £1,000) and at present don't cover chemical, nuclear or biological terrorist attacks and to date there has not been a claim of these types. Please note both Pool Re and Lloyds policies are acceptable to Mortgage Lenders.

Why do I need Terrorism Insurance?

The main reasons are the practical and financial issues of being homeless but still with a mortgage for a property you cannot occupy or afford to repair, especially with the added cost of having to rent alternative accommodation.

In addition, the risks are still increased at this time and are everywhere, from proximity to potential targets, being on a flight path, to having a number of rented properties in your building.

Mortgage Lenders are aware of Terrorism Insurance and may not grant a mortgage if Terrorism cover is not in force causing a sale/purchase/re-mortgage to fall through.

The June 2014 ruling by the Upper Tribunal (Lands Chamber) in the case of QDIME LTD v (1) Bath Building (Swindon) Management Company Ltd and (2) Various Leaseholders. The Judgement reinforced the relevance of Terrorism cover as it deemed the word explosion in the Council of Mortgage Lenders Handbook includes explosions caused by Terrorism and therefore should be covered to satisfy the requirements of lenders.

Finally, like other perils before it that have become standard over the years there is a school of thought that Terrorism insurance has been around long enough now to be considered "one of the normal risks you should insure against" to comply with the insurance terms found in leases.

Summary

We believe there is a requirement for Terrorism cover because of the QDIME case, etc., and we recommend to our clients that it's taken out to protect what is usually their most valuable asset.

We can place Terrorism Insurance with the Buildings cover or separately at Lloyds and the process is simple with no need for a proposal form and documentation is often issued by return.

If you have any queries on this topic or any other insurance issues please contact us we are always happy to help.

Contact Us

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