

Insurance, War and Terrorism

Terrorism and military activity continues to be a major concern to us all; even affecting the, normally, mundane world of insurance. It would be natural for you to wonder about items such as:

- How do the events affect my insurance protection?
- Are war and terrorist acts the same?
- Exactly what is excluded by my policies?
- Do I have to buy special coverage to protect my belongings?

It is understandable to be concerned and confused over the above issues, especially since everyone is being inundated with news and advice.

Insurance related to personal lines (any coverage that protects personal rather than business property) is more standardized than commercial insurance. Because of this higher level of standardization, the coverage approaches used in policies for cars, homes, and personal liability are similar.

Most policies prohibit coverage for causes of loss that are considered "uninsurable." Not surprisingly, coverage for war is one cause of loss that is excluded. Typically, auto and homeowner policy wording not only excludes war, but any military actions similar to war such as rebellions, large-scale civil disturbances, and revolutions. Further, coverage is excluded regardless whether the government has formally declared a state of war. On the other hand, acts of terrorism are distinct from war and, as we have learned to our sorrow, involve individuals committing acts against other individuals rather than against governments or military personnel. At one time, losses caused by such acts were covered, but that was when their likelihood of occurring was rare. Since the danger of terrorist acts has risen, more policies have begun to exclude this cause of loss. However, it is always in your best interest to look at exactly what is stated in your policies. It would also be helpful to contact an insurance professional to discuss any of your concerns in enough detail so that you understand your situation and your coverage needs.

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