

TRIPRA and standalone terrorism: A comparison

In today's volatile environment, the scale, type, and frequency of terrorist attacks continue to evolve and can occur at any time. Businesses require creative solutions to protect their income, assets, and reputation against the devastating consequences of an attack. Under the federally subsidized TRIPRA (Terrorism Risk Insurance Program Reauthorization Act) insurance program, businesses are provided with some coverage, but it is limited in scope. Standalone Terrorism insurance offers broad, tailored, and flexible solutions to address a client's specific needs.



COMPARISON TRIPRA VS. MUNICH RE SPECIALTY

TRIPRA (Terrorism Risk Insurance Program Reauthorization Act)

TRIPRA requires US government certification in order to respond to a loss. **There have been no incidents “certified” under TRIPRA to date**, including the Boston Marathon bombing as well as events in San Bernardino, CA; Charleston, SC; and Orlando, FL. TRIPRA has yet to pay a claim.

TRIPRA requires a terrorism event to exceed \$5 million in insured losses to qualify as a “certified” event.

Coverage is available **only in US** locations; international assets will not be covered.

Property insurers typically calculate a TRIPRA premium based on a flat percentage of the all-risk premium. This can mean a significantly high TRIPRA premium if the risk has a high exposure to catastrophe perils or adverse loss experience.

TRIPRA’s claims handling ability has not been tested, as no losses have been paid since its inception.

Munich Re Specialty

Other than an applicable policy deductible or excess, **there is no monetary threshold that must be met**. With our standalone policy, insureds can feel more secure that their losses will be covered.

Coverage will apply as long as the terrorist event meets our definition. Government certification is not required for us to indemnify insured losses.

We provide coverage in the **US as well as internationally**.

Coverage is offered up to 24 months for operational risks and 72 months for builder’s risk/construction, providing clients with stable, continuous coverage.

Each submission is reviewed based on the risk’s actual terrorism exposure, independent of the all-risk premium and the risk’s exposure to natural catastrophes.

Our in-house claims team is renowned for quality handling of all aspects of loss recovery.

Quick glance: **Munich Re Specialty** Standalone Terrorism coverage

- Capacity of up to \$450 million per risk
- Standalone terrorism forms, or terrorism follow-forms
- Worldwide coverage
- Written as primary, excess, and/or quota share
- Exposure-based rating
- Coverage solutions for first-party physical damage and business interruption, contingent time element, construction risks, third-party terrorism liability, cyber terrorism, malicious attack/active assailant cover, event cancellation following an attack
- Broad risk appetite, including: Residential/Habitational Property, Manufacturing Industries, Commercial Real Estate, Retail & Wholesale, Warehouses, Oil & Gas Facilities, Conventional Power Plants, Renewable Energy, Offshore-Risks, Builder’s Risk/Construction Projects

TERRORISM FAQs

1. How do we define Terrorism in our policy?

Our policy covers an act or series of acts, including the use of force or violence, committed by a single person or a group of people whether acting alone or on behalf of an organization for political, religious, or ideological or similar reasons. Unlike TRIPRA, for coverage to be triggered, US government certification for an act of terrorism is not required with our policy.

2. Why is Terrorism insurance necessary?

Terrorism insurance provides businesses with protection against the unpredictable nature of a terrorist attack. An act of terrorism can be big or small, high profile or low key, and can occur anywhere and at any time, evidenced by recent terrorist activity. The evolution of smaller attacks on soft targets and crowded places along with “lone-wolf” attacks has made Terrorism insurance a critical component in a comprehensive risk management program.

3. Should clients consider adding Contingent Business Interruption coverage for Terrorism?

Clients do not need to be the specific target of a terrorist attack to suffer significant losses. Terrorist acts cause both direct and indirect damage to businesses. Government-mandated closures in affected areas can result in direct loss of revenue for businesses. A client can experience indirect losses if goods from suppliers and deliveries to customers are delayed.

Munich Re Specialty. Solutions for today and tomorrow.

Learn more at munichrespecialty.com.

Our underwriters' expertise will help guide you in choosing adequate risk protection for your clients. To find out more about our customized Terrorism solutions, please contact:

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