Lloyd's revises terrorism clauses

By James Brewer
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LLOYD’S has agreed to plug a gap in insurance cover against terrorism so that clients can be paid where attacks are sponsored by governments.

With support from several underwriters, broking group Miller Insurance Services has been allowed to use a revised version of a standard definition of "an act of terrorism".

This will be the basis of a changed wording to include actions undertaken covertly by an individual or team sponsored by, or by the order of, any government or public authority.

A revised standard clause will continue to meet a mandatory requirement for a war exclusion.

The breakthrough builds on what is said to have been a successful response by the London market to demand for specific standalone terrorism cover following the events of September 11, 2001.

Miller said the new wording clarified a grey area and ensured more comprehensive cover.

Tim Press, director for special risks at Miller, said: "This move is a significant development on the position that Lloyd’s took in 1991, when similar fears regarding covert acts of terrorism by sovereign states were sparked by the Desert Storm crisis.

"At that time, Lloyd’s produced a revised terrorism wording that required a ‘side letter’ stating intent to pay.

"With the threat of terrorism increasing, so too is the requirement for companies to protect themselves against all acts of terrorism.

"The revised wording removes the uncertainty, clarifies coverage and should be considered by anyone looking to protect their business from an act of terrorism.”