

TERRORISM COVER SCENARIOS

The Counter Terrorism and Border Security Act is an important change in the law and will strengthen the resilience of UK businesses in the aftermath of terrorist attacks.

The provision for terrorism non-damage business interruption (BI) cover is a welcome and reassuring solution for the insurance industry and its customers.

It's important for you and your clients to consider the differences between terrorism damage and terrorism non-damage business interruption cover when purchasing either or both.

The following matrix highlights the cover scenarios for both terrorism damage business interruption cover and terrorism non-damage business interruption cover.

Which cover will respond?	Allianz Damage – Denial of Access (Standard BI cover)	Allianz Non-Damage Denial of Access (Optional BI cover to purchase)*	Terrorism Damage (Optional) Cover A	Terrorism Non-Damage (Optional) Cover B	Applicable Cover
Fire in vicinity	✓	✗	✗	✗	Incident: A neighbouring property has a fire that restricts access to the insured's premises. Cover: Our standard business interruption wording would provide coverage for the loss of profit/revenue/income as a result of this restricted access which has resulted from a damage event.
Gas leak in vicinity	✗	✓	✗	✗	Incident: A gas leak in the vicinity of the insured's premises causes a competent authority to restrict access to the insured's premises. Cover: Our optional non-damage Denial of Access wording could provide cover.*
Terrorist damage at own premises	✗	✗	✓	✗	Incident: A terrorist bomb causes damage to the insured's premises. Cover: Cover A would provide cover for losses resulting from this damage (subject to HM Treasury certifying the event as a terrorist event). No cover would apply if the policyholder only purchased Cover B because damage has occurred.
Terrorist knife attack with no damage and a life safety cordon	✗	✗	✗	✓	Incident: Police put up a life safety cordon to protect life during a terrorist knife attack whilst they neutralise the threat. Cover: Optional Cover B would provide coverage, subject to HM Treasury certifying the event as a terrorist event. In order to purchase Cover B the insured must have purchased our optional non-damage Denial of Access cover.
Terrorist bomb in vicinity with a police life safety cordon	✗	✗	✓	✓	Incident: Following a terrorist bomb in the vicinity of the insured's premises a life safety cordon has been put in place by a competent authority. Cover: Cover B will respond, subject to HM Treasury certifying the event as a terrorist event. In order to purchase Cover B the insured must have first purchased our optional non-damage Denial of Access cover. However, as there has been damage Cover A could also provide cover. In order to receive full protection for the duration of the interruption the insured would need to have purchased both Cover A and Cover B. If they only purchased Cover A they would only receive payments for the period the premises is closed whilst the damage is fixed. If they only purchased Cover B they would only receive payment for the period of interruption due to the life safety cordon being in place.
Terrorist knife attack with minor collateral damage to own premises – life safety cordon in place	✗	✗	✓	✓	Incident: Following a terrorist knife attack with minor collateral damage to own premises the police have put a life safety cordon in place. Cover: Cover A would react in this scenario as there has been damage at the insured's premises. This would pay losses resulting in interruption to the business due to the damage and whilst the damage is being fixed. However, once the damage is fixed, protection under Cover A would cease as there is no longer an interruption due to damage. Cover B would react as a life safety cordon has been put in place by a competent authority, but it would only cover losses as a result of the life safety cordon being in place, and not as a result of the damage needing to be fixed. Therefore, if the insured were to only purchase one of the covers they would not receive full cover for the event.

Please note, to purchase the terrorism optional Cover B, your client must also purchase our optional Non-Damage Denial of Access cover.

For SME clients, Cover B and optional Non-Damage Denial of Access cover are only available to purchase as a package and not in isolation of each other.

*Please note that this cover comes as standard under some Engineering, Construction & Power policies. For full details please visit eBroker.co.uk.

There is no Pool Re wording for Cover B and therefore cover will mirror the wording, limits and coverage for our non-damage Denial of Access cover.

If decontamination is required after a chemical, biological, radiological or nuclear event then Pool Re would classify this as a Cover A loss.

ACOM8255 03.19

For Intermediary Use

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