

Terrorism Coverage for Healthcare Accounts

Terrorism coverage is an issue the healthcare sector should pay particular attention to from both a property and a liability perspective. While for some TRIA is deemed to be the solution, many find that buying into the TRIA act is an inadequate way of securing the coverage. Also the pricing for TRIA is somewhat erratic and can be based on the property or liability premium rather than the true terrorism exposure, this is particularly so in catastrophe prone areas.

“The healthcare sector has been proactive in recognizing and responding to diverse terrorism threats from terrorist groups and also from groups opposed to activities such as animal testing, abortion and stem cell research. The relatively open access at most hospitals creates obvious security risks which are hard to mitigate. We also know that healthcare facilities have featured in numerous post-9/11 plots and several actual attacks. For that reason, we work with hospitals ranging from small regional facilities to internationally famous facilities, to ensure that they benefit from the widest possible terrorism coverage available. In fact, our coverage is far wider than the government TRIA/TRIPRA program, which unfortunately is hampered by a narrow and poorly constructed definition of terrorism and a number of administrative hurdles that make it very hard for a TRIA insured to make a successful claim.

A combination of a highly litigious society with the inability to sue a terrorist group means that all major attacks-against the World Trade Center in 1993 and 2001 and the 1996 Oklahoma bombing-have resulted in litigation against the “victim” institution, on a deep pocket basis. This is the key reason why hospitals and other hard-to-defend, emotive target risks, choose terrorism liability insurance.

The liability form we use does not need a physical damage act to trigger the coverage in order to pick up liability arising from a terrorist event. It also does not limit the act to a specific location – it would cover terrorism liability occurring off premises as long as it originated from the scheduled location.” as quoted from Ben Garston, Terrorism Underwriter, MAP Underwriting at Lloyd’s.

Coverage

Third party liability for bodily injury - Third party liability for physical damage - Defence costs – Some coverage for pollution, chemical and biological release, plus an option for NBCR liability coverage.

The specialist terrorism market can often be more competitive with broader coverage.

The stand alone terrorism policies have a very broad definition of terrorism: “an act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and / or to put the public in fear for such purposes”.

In addition, the stand alone broad form Terrorism policies provide several significant enhancements beyond TRIA, including:

- Coverage does not require a financial trigger. TRIA is limited to: Violent / dangerous acts exceeding **\$5,000,000**.
- Does not require a physical damage trigger for the liability terrorism policy to respond (which TRIA does) which could pick up a terrorism shooting.
- No government certification of an event is required to pay a claim. For an event to be declared under TRIA, it must have the agreement of: Secretary of the Treasury, Secretary of State and Attorney General – **ALL THREE**
- The liability terrorism policy covers both GL and E&O (excluded under TRIA)
- The stand alone market covers a number of lines of coverage, which are specifically excluded by TRIA including: **Auto Liability and Auto Physical Damage– including ambulances, Crime, Professional Liability** (although D&O is covered). Coverage is easily quoted - provide SOV and zip codes along with a liability application (include number of beds and outpatient visits).
- Defence costs / claims management are applied to the policy immediately rather than being deferred until certification.
- Offers an option for Nuclear Biological Chemical Radiological (NBCR) coverage if required.

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Examples of Potential Healthcare Terrorism Incidents

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| Dec 2008 | In Lakeland, Florida, a suspicious package was found at a medical clinic; the bomb squad detonated the item. |
| Dec 2008 | In Phoenix Arizona, a bomb threat was received at a hospital; the bomb squad responded. |
| Jul 2007 | A Texas man pleaded guilty to federal charges of attempting to bomb an Austin women's clinic performing abortions in April. |
| Jun 2007 | In San Francisco, a 16-year old boy was arrested after planting three pipe bombs at a hospital; the bomb squad disabled them. |
| May 2007 | In Virginia Beach, arsonists set fire to a Planned Parenthood clinic, causing minimal damage; the FBI is investigating. |
| Apr 2007 | In Austin, Texas, a suspicious package was found at an abortion clinic; the bomb squad determined it was a bomb and disarmed it. |
| Dec 2006 | A man was sentenced to five years for intending to bomb an abortion clinic in Greenbelt, Maryland. |

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for your healthcare clients.**

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