



## **AIRCRAFT WAR RISK & TRIA COVERAGE SUMMARY**

**All aviation policies include a “War Risk” Exclusion. This Exclusion excludes the following perils:**

- (a) War, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, martial law, military or usurped power or attempts at usurpation of power.
- (b) Any hostile detonation of any weapons of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (c) Strikes, riots, civil commotions, or labor disturbances.
- (d) Any act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss or damage resulting there from is accidental or intentional.
- (e) Any malicious act or act of sabotage.
- (f) Confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government (whether civil, military, or de facto) or public or local authority.
- (g) Hi-jacking or any unlawful seizure or wrongful exercise of control of the aircraft or crew (including any attempt at such seizure or control) made by any person or persons on board the aircraft acting without your consent.

**However, Items (a), (c), (d), (e), (f) and (g) above can be reinstated for an additional premium charge. Only Item (b) can NOT be reinstated. Nonetheless, please note the following:**

1. Under Item (a), coverage is NOT provided for any form of property on the ground located outside of the United States of America or Canada, unless caused by or arising out of the use of your aircraft.
2. A sub-limit of \$50,000,000 Any One Occurrence and in the Annual Aggregate INCLUSIVE of Allocated Claims Expenses shall apply, except as respect to passengers.

Under the “Write-Back” provision, review of Premiums and/or Geographical Limits and/or Cancellation of the Limited Write-Back coverages may be cancelled with 7 days notice.

Higher limits than \$50,000,000 Any One Occurrence are available (Excess War Risk) for additional premium charge. However, some markets cap the maximum limit available at \$150,000,000.

### **Terrorism Risk Insurance Act (TRIA)**

As part of the Federal Government's effort to ensure that economic stability is not threatened by possible future terrorist attacks, Congress enacted the Terrorism Risk Insurance Act of 2002. This Act created a 3 year federal Terrorism Insurance Program administered by the Department of the Treasury and requires Insurers to make available limited terrorism coverage for losses occurring within the U.S. as well as losses occurring outside the U.S. in the case of domestic air carriers. Major considerations of this Program are:

- Program was initially temporary. The Program was scheduled to terminate on December 31, 2005. The Program had been extended through 2007, via the Terrorism Risk Insurance Extension Act of 2005 (TRIEA) and has continued to be extended and through the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA) until December 31, 2027. It is expected to continue to be extended once again.
- Coverage is provided for losses resulting from an event "certified" as an "act of terrorism" by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General.
- The Act applies to terrorist acts resulting in losses occurring in the United States, but includes domestic air carriers, flag vessels and United States missions regardless where the loss occurs.
- In the event that during any of the Program Years the federal government is required to reimburse insurers for insured losses as defined under the Act, the Secretary of the Treasury is required to recoup a portion of these costs by means of a "terrorism loss risk-spreading premium" to be imposed on policyholders.
- Notice of Cancellation of War Coverage is amended to standard statutory number of days rather than seven (7) days provided under the Limited Write-Back Provision.
- Allocated Claims Expenses are "Outside" of the limit of liability
- Limit becomes an "Occurrence" limit and eliminates Annual Aggregate provision. There is a Cap on Assistance, for all losses under the program of \$100 Billion per year.

#### Definitions of "Act of Terrorism" and "Insured Loss"

As provided in the Act, an "act of terrorism" is any act that is certified by the Secretary of the Treasury and the Attorney General,

- (i) to be an act of terrorism,
- (ii) to be a violent act or an act this is dangerous to human life, property, or infrastructure;
- (iii) to have resulted in damage within the United States or outside the United States in the case of an air carrier (which is defined to include "a citizen of the United States undertaking by any means, directly or indirectly, to provide air transportation") or a U.S. registered or U.S. flag vessel or the premises of a United States mission; and
- (iv) to have been committed by individuals on behalf of any foreign person(s) or foreign interests as part of an effort to coerce the United States civilian population or to influence the policy or affect the conduct of the United States government.

## Summary Differences between TRIA and War Risk Coverages

TRIA	WAR RISK
<ul style="list-style-type: none"> <li>• Mono-Peril – Terrorism</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-Peril, Including Terrorism</li> </ul>
<ul style="list-style-type: none"> <li>• Requires U.S. Government's determination to trigger coverage (certified acts of terrorism)</li> </ul>	<ul style="list-style-type: none"> <li>• Requires only the insurance company's determination to trigger coverage</li> </ul>
<ul style="list-style-type: none"> <li>• No Cancellation by the company clause</li> </ul>	<ul style="list-style-type: none"> <li>• Has both automatic and 7-day notice of cancelation clauses</li> </ul>
<ul style="list-style-type: none"> <li>• Coverage may be reduced if the aggregate amount of a terrorism loss is large enough</li> </ul>	<ul style="list-style-type: none"> <li>• Coverage is per policy limit</li> </ul>
<ul style="list-style-type: none"> <li>• Has no aggregate limit – unlimited sideways coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Liability is each occurrence and aggregate</li> </ul>
<ul style="list-style-type: none"> <li>• TRIA Hull is usually included at no or very low cost if war hull is purchased. TRIA liability may be very expensive on certain types of risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Separate premiums for war hull and liability. For Airline and Major Manufacturers, War Risk may require a separate placement.</li> </ul>