

# Political Risks Alert



## Political Violence Coverage

The world has long been a violent place, but the need for protection is greater than ever. Owners, board members, shareholders and other stakeholders of companies with overseas operations or investments expect those interests to be protected from the threat of violence. In many cases, they are not.

Property programs cover some forms of violence. Post 9/11, Terrorism stand-alone policies became available to protect others. Many forms of political violence, however, are not covered at all under typical policies. Perils frequently excluded from Terrorism and Property policies include damages due to war, civil war, rebellion, revolution, insurrection, uprising and civil commotion.

Political Violence coverage can fill that gap. A Political Violence policy can cover the damages to a company's foreign assets or investment resulting from any of the above events, plus acts of violence covered by Terrorism policies, often at the same premium rate as a Terrorism policy. These products have other advantages as well.

They offer policy periods of one to 15 years, during which the policy can not be cancelled by the underwriter (except for nonpayment of premium) and the annual premium rate is fixed.

Policies are specifically tailored to meet each individual set of circumstances and can cover single or multiple locations. They can provide additional coverage, excess of current insured events, and/or broaden an overall insurance program. Current private market capacity for stand-alone political violence cover is around \$600 million. When purchased with a confiscation policy, an extra \$500 million in cover is available.

The chart provided compares the coverage for violent events under typical Property, Terrorism and Political Violence policies.

Any organization with assets or investments in foreign markets, especially one currently purchasing a Terrorism policy, would be well served by considering a Political Violence policy.

Events	Property	Terrorism	Political Violence
Strikes	<b>Covered</b>	Excluded	<b>Covered</b>
Riots	<b>Covered</b>	Excluded	<b>Covered</b>
Civil Commotion	<b>Covered</b>	Excluded	<b>Covered</b>
Malicious Damage	<b>Covered</b>	Excluded	<b>Covered</b>
Terrorism	Excluded	<b>Covered</b>	<b>Covered</b>
Sabotage	Excluded	<b>Covered</b>	<b>Covered</b>
Revolution	Excluded	Excluded	<b>Covered</b>
Coup d'Etat	Excluded	Excluded	<b>Covered</b>
Rebellion	Excluded	Excluded	<b>Covered</b>
Civil War	Excluded	Excluded	<b>Covered</b>
War	Excluded	Excluded	<b>Covered</b>

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