



What's News In Insurance

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TERMINOLOGY:

WHAT DO YOU KNOW ABOUT ACT OF TERRORISM?

ACT OF TERRORISM

The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Resource: Crain's Chicago Business, August 10, 2006

War-risk insurance program for airlines up for renewal

Federal terror insurance set to expire Aug. 31 could be extended

As travelers contemplate Thursday's announcement of a terror plot against transatlantic flights, U.S. airlines including locally-based United Airlines are facing the expiration of a federal terror insurance program launched after the attacks of Sept. 11, 2001.

The aviation war-risk insurance program, which allows U.S. airlines to buy discounted insurance against terrorism, hijackings and sabotage, is set to expire Aug. 31. Observers expect the acting secretary of the U.S. Department of Transportation to extend the program through the end of the year. A department spokesman says a renewal "is under active review."

For U.S. airlines, the bigger question is whether the program will survive in the long term. A bill that could extend it through next year has passed the U.S. House and is a "must-pass" in the Senate this fall, a congressional staffer says.

But preserving it into 2008 and beyond is a riskier proposition, according to Wayne Wignes, president of the aviation group at Aon Corp., the Chicago-based insurance broker.

"I would characterize it as great concern that it won't be available after '07," Mr. Wignes says.

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