

War Risk, Political Violence and business resilience

Navigating regional uncertainty webinar series

Marsh Risk, Dubai



Agenda

1. Introduction
2. War Risk coverage: Property & Casualty basics
3. Political Violence cover
4. Business resilience in turbulent times
5. Q&A

Team



Garav Bhatnagar
President & Head of
Specialty, Marsh IMEA



Omar Gemei
Head of Global Placement &
Bowring Marsh IMEA



Oliver Ferguson
Head of War & Terrorism —
DIFC, Marsh IMEA



Secil Ozturk
Specialty Risk Consulting
Leader, Marsh IMEA

Introduction

Gaurav Bhatnagar

President & Head of Specialty, Marsh IMEA

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War Risk coverage: Property & Casualty basics

Omar Gemei

Head of Global Placement & Bowring Marsh — India,
Middle East & Africa

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Geopolitical conflict and insurance markets

1

Clients increasingly ask whether their insurance programs respond to war or political violence events.

2

Wars and geopolitical conflicts create systemic losses that traditional insurance markets are not designed to absorb.

3

Insurance and reinsurance contracts therefore include explicit war exclusions.

4

During conflicts, insurers, reinsurers, brokers, and clients reassess exposures and coverage structures.

5

Understanding how insurance responds during war is critical for risk management and leadership decision-making.

Why is war typically excluded from insurance?

War events can cause simultaneous losses across thousands of policyholders and multiple countries.

Losses are unpredictable and cannot be reliably priced using traditional actuarial models.

Without exclusions, a single conflict could threaten the solvency of insurers and reinsurers.

Market-standard clauses (e.g., NMA 2920) therefore exclude war and related events from coverage.

NMA 2920 – War & Terrorism exclusion

What it is

- Standard London Market exclusion clause
- Removes coverage for systemic conflict risks
- Primarily used in reinsurance treaties
- Since in treaties they also feature on all applicable policies

What it excludes

- War (declared or undeclared) and war-like operations
- Civil war, rebellion, revolution, insurrection
- Terrorism and politically motivated violence
- Military or usurped power
- Government confiscation or destruction of property

Why it matters

- Protects reinsurers from catastrophic accumulation losses
- Traditional insurance cannot price geopolitical conflict risk
- Creates need for specialist Political Violence / Terrorism cover
- Critical for clients with exposure in geopolitically sensitive regions

How insurance policies respond during war

Assess

Insurers assess the cause of loss to determine whether the damage was caused by war-related events

Cause of loss

If the proximate cause is war, warlike operations, or political violence, exclusions may apply.

Claims

Claims linked to excluded perils are typically not payable under standard policies.

What losses may still be covered?

- Not all losses occurring during a conflict are automatically excluded.
- If the cause of loss is unrelated to war, policies may still respond.
- Examples include accidental fires, machinery breakdown, or unrelated liability claims.
- Determining the cause of loss is critical in claims assessment.

Impact on insurance and reinsurance markets



Insurers review portfolio exposure to conflict zones and adjust underwriting appetite.



Reinsurers may restrict capacity or impose stricter exclusions on treaties.



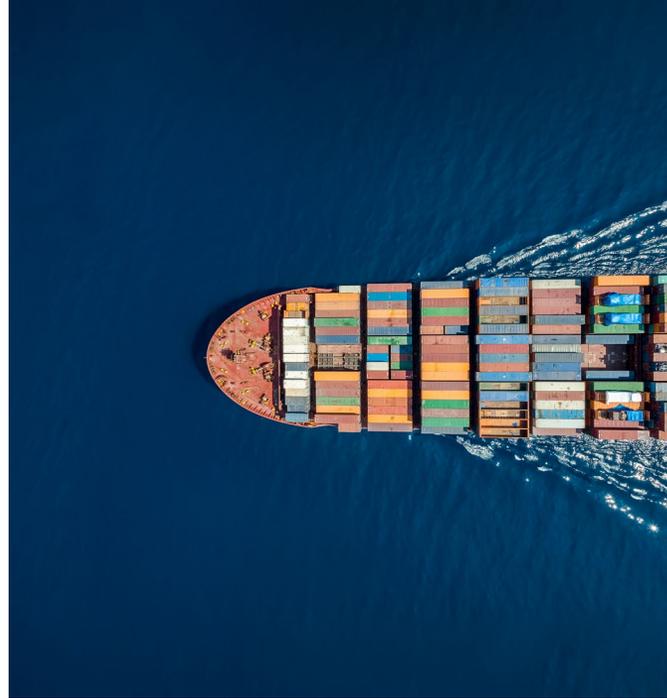
Pricing for political violence and terrorism risks often increases significantly.



Market focus shifts toward accumulation management and capital protection.

How War Risks can still be insured

- Specialist insurance markets provide Political Violence and Terrorism coverage.
- Marine and aviation sectors often purchase dedicated War Risk insurance.
- Some governments operate terrorism insurance pools or backstop schemes.
- Large multinational companies often buy standalone political violence programs.



Key considerations and takeaways

1

Standard insurance programs will not cover war-related losses.

2

War exclusions such as NMA 2920 protect insurers and reinsurers from systemic conflict risk.

3

Organizations should review their exposures and policy wording carefully and notify any damage to your broker and insurer.

4

Specialist political violence insurance should be considered to address war-related coverage gaps.

Political Violence cover

Oliver Ferguson

Head of War & Terrorism — DIFC, Marsh IMEA

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Introduction of Political Violence

In recent years, acts of terrorism have frequently made headlines. In today's global business environment, many companies are looking for ways to safeguard their employees and corporate assets against these risks.

Pre 9/11

War and Terrorism risks were included within property insurance policies.

Post 9/11

Rising incidents of violence led to Political Violence insurance becoming a separate marketplace, dedicated policy from Property insurance.

Current Environment

This dedicated product offers tailored coverage addressing risks like terrorism, riots, and civil commotion.

Product overview

Tailored coverage is available to Marsh clients from the insurance market

Cover can be purchased for Property Damage, Business Interruption, Denial of Access, and sometimes Third-Party Liability related to the Insured Events.

Policies provide cover for specific perils – collectively described as Acts of Political Violence.

The policy covers only that which is specifically stated – listed Insured Events.

For coverage to trigger, qualifying Property Damage is required to Insured Property.

Policies will have the burden of proof on the insured for proof of loss and to demonstrate that cover applies



Insurable perils

Sabotage & Terrorism policies offer limited protection for losses arising from political, religious, or ideologically motivated acts. Whereas, Political Violence (PV) policies offer protection for the following listed perils in the contract*:

Civil commotion	Civil war	Coup d'état	Insurrection	Malicious damage	Rebellion
A disturbance of the public peace by persons assembled together and acting with common intent.	An internecine war, or a war carried on between or among opposing citizens of the same country.	The sudden, violent and illegal overthrow of a sovereign government or any attempt at such overthrow.	A violent rising of citizens or subjects in opposition to the sovereign government and/or any of its policies.	Loss, damage or destruction of property caused by anyone intending to cause harm or mischief during the disturbance of the public peace.	A deliberate, organised and open resistance, by force and arms, to the laws or operations of a sovereign government, committed by its citizens or subjects.
Revolution	Riots	Sabotage	Strike	Terrorism	War
An organised overthrow or attempted overthrow of the sovereign government.	A violent disturbance by three or more persons assembled together which threatens the public peace.	An act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or put the public in fear for such purposes.	Any wilful act of any striker or locked-out worker in the furtherance of a strike or in resistance to a lockout or any act of any lawfully constituted authority for the purpose of suppressing or minimising the consequence of such act.	An act or series of acts using force or violence by individuals or groups, alone or linked to organisations, committed for political, religious, or ideological reasons to influence government or instill public fear.	Declared or undeclared international hostile action taken by sovereign international armed forces.

* Actual position may vary in accordance with the terms of the relevant policy

What's included*

- Physical damage cover to Insured Property declared to Insurers and listed in the policy.
- Business Interruption cover requires qualifying direct physical damage to Insured Property to trigger the cover
- Policies can include cover for Riots, Strikes, and Civil Commotion.
- War is listed and defined in the policy wording as declared or undeclared hostile action between two or more nations or states.

What's not included*

- Armed conflict but no damage to Insured Property
- Travel disruption from airspace closure
- Shutdown of financial markets
- Confiscation, seizure, expropriation.
- Financial losses arising from the blockade of maritime routes
- Cancellation of bookings/reservations
- Losses arising from hostilities between Five Powers
 - *(China, France, Russian Federation, UK, USA)*
- Nuclear detonation
- Electronic means including computer hacking

All Risk policies and Sabotage & Terrorism policies typically exclude War (whether declared or not), often with broad “directly or indirectly” causation language.

Business resilience in turbulent times

Secil Ozturk

Specialty Risk Consulting Leader, Marsh IMEA

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04

Resilience = Preparedness + Adaptability + Optionality

In volatile geopolitical environments and turbulent times; resilience is not about prediction, it is about 'readiness'

Risk visibility and impact

Where are we exposed?

- Physical assets (building, infrastructure, equipment)
- Digital assets (technology, data)
- Human resources
- Supply chain
- Financials

Operational agility

How fast can we adapt?

- Decision rights clarity during crisis
- Flexible shifts/remote working
- Alternate logistics/supply routes
- Dynamic pricing capabilities
- Inventory buffers
- Scenario based plans / stress testing

Strategic optionality

What choices do we preserve?

- Diversify supply chain and existing regional footprint
- Flexible contracts
- Digital channels
- Strong liquidity position

Increased ability to absorb shocks

Strategically, the current events have the potential to act as a catalyst to accelerate digital resilience, diversify dependencies and ultimately to strengthen resilience capabilities.

Q&A

Stay informed

Thursday 12 March

12:00 – 1:00 PM GST



Marine Insurance, Supply chain and claims – Real time impacts on coverage and claims advocacy

Tuesday 17 March

12:00 – 1:00 PM GST



Cyber Risks, Valuations, Healthcare & Workforce Continuity – Managing disruption through resilience and agility strategies

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