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Home insurance excludes "dirty bomb" coverage

By Liz Strillacci
Insure.com

Following the Sept. 11 attacks, the federal government has issued a stream of potential warnings of terrorist activity, including the use of "dirty bombs" or a possible nuclear strike. If that happens, your home insurance won't protect you financially.

The most recent publicly reported incident involves the May 8 arrest of "a known terrorist with connections to al Qaeda who allegedly planned to build and explode a radioactive 'dirty bomb' in the United States," according to U.S. Attorney General John Ashcroft. A "dirty bomb" is a standard explosive or bomb that is packed with radioactive material that scatters when it explodes. It is intended more to cause mayhem and widespread panic and disruption more than to cause casualties, since the area of impact could be closed for months for cleanup.

If an area such as New York or Washington, D.C., were hit with a "dirty bomb," it could affect the national economy or interrupt functions of the federal government.

While not a nuclear weapon, which would be many times more devastating, the detonation of a "dirty bomb" would have some of the impact of a nuclear attack for homeowners because it can make homes uninhabitable during cleanup. Homeowners policies will not cover damage due to the blast, for the cleanup of any radioactive material from your house, or for the expense of living elsewhere while your home is being repaired.

Nuclear damage to your home caused by an *accident* at a nuclear facility or involving transportation of nuclear components to or from a facility is covered under the 1957 Price-Anderson Act, but it doesn't provide for terrorist or wartime incidents. The act ensures the availability of a pool of funds (currently only \$9.54 billion) to pay for claims from the public for personal injury or property damage from a nuclear or radioactive accident.

But, for example, if a terrorist flies a plane into a nuclear plant and causes an explosion, the damage to the public isn't covered. Also, if a

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truck transporting nuclear waste, which is substantially more radioactive than the original content, is stolen or hijacked and the material is later dispersed, accidentally or on purpose, any resulting damage to your home is not covered by your home insurance company or the Price-Anderson Act.

Nuclear acts of terrorism or war aren't covered under existing law.

U.S. Rep. Edward Markey (D-MA) has attached an amendment to a bill extending the Price-Anderson Act that requires the federal government to assess threats to nuclear power facilities. It would require the Nuclear Regulatory Commission (NRC) to update the formula it uses to determine the threats against which nuclear facilities must prepare to guard. Nearly half of U.S. nuclear power plants have failed to repel small groups of intruders on foot in "force-on-force" exercises conducted by the NRC.

For homeowners whose houses are destroyed or substantially damaged by a nuclear act of war, it may be difficult to pay off an existing mortgage at the same time you're trying to rebuild your home at your own expense. Low-interest loans from the federal government may not seem like the most reasonable solution if you're already trying to pay off a mortgage on a house that doesn't exist anymore, but it may be your only option. The Federal Emergency Management Agency (FEMA) can provide some assistance, according to Lara Shane, spokesperson for the agency.

"Once the President has declared an incident a disaster, FEMA has 26 agencies available to help," says Shane. "We have assets to deploy all the way from search and rescue to clean-up and rebuilding efforts." Be aware that neither FEMA nor any other government agency is in the business of handing out free money for rebuilding your home after any disaster. FEMA can work with you to get a federal grant or a low-interest loan to rebuild. It can also help with Disaster Housing Assistance, which can be used for alternate rental housing, emergency essential repairs to make a residence habitable, or mortgage or rental assistance in cases where a disaster has caused extreme economic hardship.

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