Insurance policies exclude war but this is generally defined as war between nations; some also exclude terrorist attacks.

NEW YORK — The horrible terrorist attacks on the World Trade Center towers will take an incalculable toll of human lives and will be the most costly man-made catastrophe in U.S. history.

Insured losses are likely to be in the billions of dollars, but it will be some time before an accurate assessment of the total impact can be made, according to the Insurance Information Institute.

Property insurance policies generally cover damage from fire, explosion, smoke, or other property or liability loss that occurs. Insurance policies do exclude war, but this is generally defined as a declared war between nations. In light of increased global terrorism, some commercial insurance policies may have exclusions for damage caused by terrorist attacks. Aviation policies will also be impacted.

The 1993 World Trade Center bombing caused $510 million in insured losses. The 1995 Oklahoma City bombing resulted in insured losses of $125 million. The Los Angeles riots of 1992 resulted in insured losses of $775 million, previously the most costly insured man-made disaster until today.

Any determination of insured losses will have to take into account the destruction of the World Trade Center towers; business and personal property of tenants and their employees; workers compensation for injured workers; claims for lost business income; and the cost of establishing alternative, temporary operations at off-site locations.

The U.S. government is self-insured, so physical loss to government buildings is not a commercial insurance issue. Insured commercial businesses within the Pentagon, for example, could incur insured losses.

Switzerland's reinsurance giant Swiss Re said that it expects to cover $730 million in losses from the terrorist attacks. The twin towers was home to such symbols of Western economic might as the Bank of America, Kemper Insurance, Lehman Brothers, Morgan Stanley Dean Whitter, Credit Suisse First Boston and Sun Microsystems.

Among the insurance industry tenants in the complex were: A I G Aviation Brokerage; Daynard & Van Thunen Co.; Empire Health Choice; Hal Roth Agency; Kemper Insurance Companies; LG Insurance Co.; Marsh USA; Metropolitan Life Insurance Co. and RLI Insurance Co.

Normally 50,000 people work in the twin towers, but the first attack came when many workers were not yet in their offices. Officials estimated that 10,000 to 20,000 people were in the buildings when the first plane crashed.

The investment company Morgan Stanley had 3,500 workers in the company's individual investor businesses in the south tower. In a message posted on the company's Web site, chairman Philip Purcell said he was saddened and outraged by the attacks.

Dozens of foreign companies had offices in the towers, including Sinochem American Holdings of China; Japan's Nikko Securities; Germany's CommerzBank AG; Deutsche Bank of Frankfurt; Zim-American Israeli Shipping Co. of Israel; and Cantor Fitzgerald of London.

“The tragedy of this terrorist act will send shock waves through the global insurance industry,” commented Joseph Annotti, of the National Association of Independent Insurers, which had three member companies in the World Trade center.

The Insurance Information Institute is itself located in the vicinity of the World Trade Center and operations could be affected as the tragedy.