



Under attack

Welcome to the February 2018 edition of Aon Inperspective

The Public Sector Bulletin

Staying in front of insurance related issues and trends affecting the public sector can be challenging. Aon Inperspective – the Public Sector Bulletin contains insight and news articles written exclusively by public sector experts and is designed to keep our clients and future clients ahead of the risk curve.



Scott Bolton
Director at Aon Risk Solutions

Terror attacks are changing, with today's terrorists more likely to focus on mass casualties than generating property damage. Scott Bolton, Director at Aon Risk Solutions, explains how public sector organisations can respond to this change.

Over the last 20 years, the nature of terror attacks has shifted significantly, with today's terrorists more likely to target busy public spaces than property and infrastructure. For public sector organisations, this requires a rethink in terms of both risk management and insurance.

The shift can be seen in many of the attacks we've seen in the last few years. In addition to using improvised explosive devices in an attack, which can cause significant damage to property, today's terrorists also utilise weapons that are easier to acquire, such as bladed weapons, vehicles and firearms, to carry out mass casualty attacks.

Some of the attacks that have taken place in Manchester illustrate this. Back in 1996, the IRA detonated a lorry bomb in the centre of Manchester, causing £700m of damage. Last year, the city suffered another attack with 22 people killed and many more injured after a terrorist set off a homemade bomb at the Manchester Arena; it is an important point to note that many of those injured were from the subsequent panicked evacuation that occur in the immediate aftermath of the detonation.

Be prepared

In this mass casualty environment, it's important to have a plan in place if a terror attack happens in one of your buildings or public spaces. Ensuring your organisation has done everything reasonable and practical to protect employees and members of the public is essential.

To achieve this, your emergency response plan needs to consider what your organisation would do in the event of a terror attack. For example, while many plans recommend an evacuation out of a building to reduce risk, where a terror attack takes place, a dynamic lockdown procedure may be more appropriate.

As well as building a detailed response plan, it's also important to test it. These situations are incredibly stressful so knowing that people are aware of what would need to be done can make a huge difference to the outcome.

Brand reputation should also be a consideration. Although a terror attack is never going to be low profile, your organisation may encounter considerable criticism if its response is found lacking. Having comprehensive plans, thoroughly tested, will minimise the potential for your organisation to be found negligent.

Insurance cover

You may also want to review your insurance cover in light of the change in the nature of terror attacks. In particular, the shift from property damage to mass casualty may require additional attention.

Under Pool Re, the trigger for a business interruption claim is property damage. Where no property damage has occurred during a bladed weapon or kinetic vehicle attack, but the local area is closed to access as police cordon off and investigate the event, causing an interruption to business, this will not be covered without non-damage coverage being included from the outset.

Standalone policies are available that provide non-damage business interruption cover. For example, Aon's UK terrorism facility, Genesis, provides up to £300m of cover for terrorism and sabotage, including up to £15m each for threat and malicious acts, and up to £5m for denial of access. It can also provide up to £1m of brand rehabilitation cover, to provide support in the event of negative publicity.

The Genesis facility also offers additional flexibility that is not available through Pool Re. For example, an insured could choose which properties to insure, rather than the blanket portfolio approach offered through Pool Re, and it also allows policy periods of 24 months and longer for construction risks, compared to the 12 month maximum on Pool Re.

As the nature of terror attacks shifts, ensuring you have the right cover and your emergency response plans are up-to-date and well-tested is essential.

For more information about how Aon can help your organisation can manage the risk of a terror attack, contact Scott Bolton at scott.bolton1@aon.com.

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