IT’LL NEVER HAPPEN HERE

A SHORT GUIDE TO EXPLAIN WHY ALL SMALL BUSINESSES NEED TO THINK ABOUT INSURING THEMSELVES AGAINST PROPERTY DAMAGE AND BUSINESS INTERRUPTION AS A RESULT OF A TERRORIST ATTACK
**HOW CAN YOUR BUSINESS MANAGE AND MITIGATE THE RISK OF TERRORISM?**

The tick list below covers practical measures that could help protect your business and employees in the event of an attack.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tr>
<td>Have we identified the risks, based on the current threat?</td>
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<td>Have we informed our employees what to do in the case of an attack?</td>
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<tr>
<td>RUN &gt; HIDE &gt; TELL</td>
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<td>Has a review of our evacuation, invacuation and lockdown procedures taken place? Have we informed our employees?</td>
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<tr>
<td>Have we reviewed our crisis management and business continuity plans?</td>
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<td>Have we informed our employees?</td>
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<td>Are all First Aid Kits fully stocked and does everyone know where to find them?</td>
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<td>Do we have an up-to-date crisis grab bag?</td>
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<td>Have we planned our response to a suspected chemical, biological or radiological attack? REMOVE &gt; REMOVE &gt; REMOVE</td>
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<td>Have we checked the police website and Twitter accounts and updates?</td>
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<td>@TerrorismPolice</td>
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<td>Have we adopted the principles of good cyber security?</td>
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<td>• Passport To Good Security (CPNI)</td>
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<td>• Cyber Security for Small and Medium Businesses (Pool Re and MWR InfoSecurity)</td>
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<td>Are we considering training our staff on how to respond in the event of an attack (for example, Action Counters Terrorism (ACT) Awareness eLearning course)?</td>
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<td>Do we know what to do if someone in our workforce is suspected of being a victim of radicalisation?</td>
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<td>Have we reviewed our postal procedures and had recent Postal Awareness Training?</td>
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**HAVE WE BOUGHT INSURANCE COVER FOR TERRORISM?**
BUT WE’RE A SMALL BUSINESS. WHY INSURE AGAINST A TERRORIST ATTACK?

If you think that your business is too small to be the target of a terrorist attack, you may be right. But it may well be that your business could be impaired by the effects of a nearby attack, suffering the effects of collateral damage or a denial of access.

To help businesses understand the risks involved, we have produced this guide which outlines the factors that may affect your business in the event of a terrorist attack and how you can help to mitigate these risks.

“Smaller businesses are most vulnerable as they lack resources of larger organisations to plan for, protect and recover from the consequences of attacks.”

The Federation of Small Businesses.
LOOK AT THE THREAT LEVEL

The current threat level from international terrorism in the UK is set at SEVERE. This means an attack is highly likely. The security services’ response level is heightened and likely to remain so for some years.

Any business-owners across the country who may have thought this threat level did not affect them must now think hard about how best to protect their livelihoods. So, what can they do?

Like all of us on an individual basis, it is important that businesses remain vigilant and are not complacent. They need up-to-date business continuity plans and must report any suspicious activity or purchases to the police. Above all, we all need to remain secure, aware and alert.

ANTI-TERRORIST HOTLINE

0800 789 321
THE SIXTY SECOND SECURITY PLAN
National Counter Terrorism Security Office (NACTSO)

The following is designed to be a quick checklist you can use to drastically improve reaction times at your business in the event of an emergency. It requires businesses to ensure ALL employees know the answers to the following simple questions:

1. Who is appointed to make decisions on the shop floor, and do they know what they are doing?
2. How do you enter and exit the building in an emergency?
3. How do you lock down quickly?
4. Where can you hide?
5. How do you communicate and how do you stay updated if you find yourself in a RUN/HIDE/TELL scenario?
6. Have you briefed all colleagues in your team?
DENIAL OF ACCESS

Property may not be the principal exposure during a terrorist attack, and that could leave you with a serious gap in your business insurance cover. Today’s terror threat manifests very differently, with attacks typically generating much less property damage than those mounted by the Provisional Irish Republican Army (PIRA) two decades ago.

Small businesses vulnerable to the gap in cover
The spate of attacks across Europe since 2015 have been less sophisticated and more frequent, with terrorists using a wide variety of methods to inflict devastating and often indiscriminate human consequences, but often with little or no physical damage to premises.

Experience from 2017’s terrorist attacks in Manchester and London showed small- and medium-sized businesses were particularly vulnerable to this gap in cover, with:

- several businesses caught behind police cordons;
- a reduction in footfall following the attacks; and
- uncompensated losses due to significant business interruption.

Many small businesses don’t realise their current property and business interruption insurance cover excludes acts of terrorism. Others believe that terrorist attacks are a threat to major cities and not to smaller towns or urban areas. While London and other major cities in the UK remain highly attractive targets, the security around symbolic sites and crowded places is tightening. Terrorists are adapting and recent plots disrupted by the police have seen areas targeted across the UK in Yorkshire, Brighton, Cumbria, Lancashire, Birmingham and Glasgow.

The terrorism risk is not just physical
With all businesses increasingly relying on technology in various forms, cyber security is crucial for businesses of all size. Cyber attacks can have a rapid and lasting effect, especially for smaller businesses that may not have the capacity to survive significant business interruption. Businesses should adopt the principles of good cyber security, a guide to which can be found in the links on the next page.
“Sectors such as retail, entertainment, transport and tourism can be most significantly impacted by denial of access and a reduction in footfall.”

The Federation of Small Businesses.

Links to sources of further information:

Pool Re and MWR Cyber Security for Small and Medium Businesses report

The National Cyber Security Centre
www.ncsc.gov.uk

Find insurance with BIBA
https://www.biba.org.uk/find-insurance/
THERE’S A REAL DANGER

The threat level from international terrorism in the UK has been at SEVERE for some time and is unlikely to be downgraded in the next few years. This means that attacks are highly likely throughout the UK. Are small businesses prepared?

Trend towards low complexity attacks

The three main terrorist groups likely to target the UK are Islamist extremists, Far Right extremists and Northern Ireland related terrorists.

Methods used differ slightly depending on the group, however all terrorists seek to target businesses and the economy. Crowded places such as shopping malls and high streets, as well as iconic sites, including religious or government buildings, are often the focus of attacks.

There is a growing trend towards low complexity attacks. We are increasingly seeing the use of weapons that are readily available and can be bought online and in shops, such as knives and vehicles. Despite this, the attacks on Manchester Arena and the tube at Parsons Green station in 2017 indicate the threat of homemade explosive devices remains high.

The materials needed to make an explosive device can be bought online or in shops, and instructions on how to make such a device can be found online too. However, purchasing materials online leaves an evidence trail and increases the risk of being intercepted by the police and MI5, so the trend towards weapons that have dual use (knives and vehicles) is likely to continue.
## BUSINESS AS USUAL?

While it is unlikely a small business would be targeted directly, its people and customers may be caught up in the disruption caused by an indiscriminate attack or because they are close to an area that has been targeted.

### Counting the cost

In the aftermath of a terrorist attack, police cordons or other restrictions could prohibit access to a premises or office building for several hours to several days, even if the direct target of the attack is not the business itself. Following the Manchester Arena attack in May 2017, Manchester Victoria train station and its businesses remained closed for a week. After the London Bridge and Borough Market attack in June 2017, businesses across the road in London Bridge Station were closed for several days as a result of the police cordon. In Borough Market, 153 stall owners were prevented from accessing their premises, with losses estimated at more than £1.4 million. Stalls and businesses in the area were forced to cease trading for 11 days, with some reportedly losing up to £100,000.

### Negative effect on economic life in Europe

Attacks in Europe in 2017 saw a reduction in tourism, as those planning visits to recently targeted cities cancelled their trips. One city saw 40% of hotel bookings cancelled over one weekend. Cafés and restaurants caught up in attacks have been forced to close for several weeks and, in one case, for four months.

### Attacks in Europe 2017

- **Manchester Arena attack**
  - **May 2017**
  - After the attack, 43% of businesses interviewed had no continuity, disaster recovery or crisis plan in place.

- **Paris attacks**
  - **November 2015**
  - Parisian regional tourism committee assessed that the tourism sector suffered a 6.1% drop in revenues over the following year.

- **London Bridge and Borough Market attack**
  - **June 2017**
  - Cities saw 40% of hotel bookings cancelled over a single weekend.

### Minimum estimated losses

- **£1.4 m**

### Days of Police cordon around the attack area – sealing off access to stalls and premises

- **153**
- **11**
THE KNOCK-ON IMPACTS

Business losses are unlikely to be confined to the revenue and stock lost due to a temporary closure after being caught up in a police cordon. An attack can depress trade for businesses in the area for months after an incident.

Understanding the impact of attacks on SMEs
The tourism and hospitality sectors are particularly susceptible to denial of access, although any consumer business could suffer from reduced footfall after an attack.

Experience from the attacks in 2017 in England suggest that small- and medium-sized enterprises (SMEs) are especially vulnerable to Business Interruption (BI) losses, caused by cash flow interruption and the loss of perishable stock. These businesses are also likely to be more sensitive to supply chain disruptions and reduced footfall.

Expectations vs reality
Pool Re commissioned a study into the Manchester Arena attack and its effects on local businesses. It found that 43% of businesses interviewed had no continuity, disaster recovery or crisis plan in place.

The Federation of Small Businesses (FSB) has suggested there is a gap between the expectations of SMEs and reality. An article in their flagship magazine, First Voice of Business, stated that: “Although SMEs, with tight budgets and small cash reserves, would be hard hit by the disruption to business in the aftermath of a terrorist attack, few take up insurance cover.”

Indeed, the FSB estimates that the take-up of terrorism insurance is around 10% – even less among businesses outside London, which may consider it a low risk or not a priority on a tight budget.
PROTECTING SMALL BUSINESS IS EVERYONE’S BUSINESS

The UK’s resilience to terrorism has been reinforced through identifying and closing insurance gaps in terrorism cover, while encouraging the take-up of cover by businesses, and promoting risk mitigation initiatives led by the insurance industry and the Government.

The bigger picture
With approximately 5.6 million small businesses in the UK, with a combined annual turnover of nearly £2.0 trillion, the protection of these businesses is vital. They employ approximately 16.3 million people and account for a staggering 99.3% of all private sector businesses.

A recent FSB survey suggests that 65% of small businesses have no plan in place to cope with potential disruption to their business or supply chain. That’s worrying, because various pieces of research conducted over the past decade suggest that between 40% and 50% of businesses affected by a significant incident will never fully recover.

“We have closed a significant terrorism insurance gap for UK business. This gives confidence to the customers in the communities they serve that in the event of a terrorist attack, services can and will continue.”
Julian Enoizi, Chief Executive, Pool Re
LET’S TALK ABOUT IT

What can be done about it?
A proactive approach to risk management, underpinned by appropriate insurance, is vital if businesses are to increase their resilience to terrorism. Organisations need to develop and rehearse crisis management and business continuity plans to ensure they and their employees know how to respond should they be affected by a terrorist attack.

Recent findings by ComRes, laid bare the limited take-up of terrorism insurance policies and widespread lack of terrorist attack contingency planning amongst UK businesses. Highlighting:
- 81% of businesses either don’t have, or are not sure they have a terrorism policy in place.
- only 25% have contingency planning in place if their business is forced to close in the aftermath of a terrorist attack.

Terrorism cover including Non-Damage Business Interruption (NDBI)
Most terrorism insurance policies reflect the traditional property-focused aspects of terrorism and require physical damage to trigger a claim. Insurance to protect against property damage and the resulting business interruption in the UK is well established.

However recent attacks have impacted small businesses in a different way, with minimal or no damage to commercial property.

NDBI terrorism policies can protect small- and medium-sized enterprises (SMEs) against business interruption and the costs that result from a terrorist attack where there is no physical damage.

For an increasing number of small businesses, physical damage may represent a lesser risk than risks related to the loss of income and cash flows. NDBI cover provides the comprehensive protection businesses really need in today’s world. By purchasing a terrorism policy including NDBI, any business can feel reassured they have cover in place for:

1. Damage caused to their property, and resulting business interruption, caused by an act of terrorism.
2. A terrorist incident near to them that prevents or impairs access to their place of business.

To find the right insurance for your business, go to www.biba.org.uk/find-insurance
About Pool Re

Pool Re is a Mutual terrorism risk reinsurer whose members comprise the vast majority of insurers offering commercial property and business insurance in Great Britain.

Pool Re’s research and analysis department, which provides threat analysis and modelling data, partners with various academic institutions to better understand the threat of terrorism. This research is intended to help the commercial insurance market understand, assess, price, and ultimately assume more terrorism risk over time. Pool Re is a founding member of the International Forum of Terrorism Risk (Re)Insurance Pools (IFTRIP).

Pool Re remains committed to improving its understanding and knowledge of the threat posed by all forms of terrorism and the inclusion of NDBI into cover will further increase business resilience. It continues to examine ways and means of providing affordable and accessible terrorism cover to small- and medium-sized businesses.

Pool Reinsurance Company Limited
Equitable House
47 King William Street
London EC4R 9AF
www.poolre.co.uk