

TERRORISM FREQUENCY 01/19

Terrorism Frequency Report

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POOL RE

REINSURING TERRORISM RISK

WELCOME

Welcome to our fourth Pool Re Terrorism Frequency Report and the first report in 2019.

In this edition we look in some detail at the issues and challenges posed by terrorist attacks causing Non-Damage Business Interruption (NDBI). The recently passed Counter-Terrorism and Border Security Bill 2018 will allow Pool Re to cover losses incurred if a business cannot trade or is prevented from accessing its premises in the wake of a terrorist attack. Before the law was changed, Pool Re could only reinsure losses incurred if a company's premises had been physically damaged by terrorists. This is a significant development in the company's history.



We are very privileged to have Sir Mark Rowley QPM share his thoughts and experiences on his time as former National Lead for Counter Terrorism Policing. Also included is a synopsis of a larger report we commissioned into the Manchester Arena attack and the consequences this had on the small business community. Finally, and as before, we review the last four months of global terrorism events and how these might impact on our Members and insureds.

Threat

Notwithstanding the knife attack in Manchester Victoria train station on New Year's Eve, which resulted in three injuries and where the perpetrator appears to have been motivated by Islamist extremism, 2018 was a very different year to 2017 when 36 people were killed and over 300 injured by terrorists in Great Britain. On the surface it would be easy to say that the threat of terrorism in Europe has dissipated; there was only one other event in the UK (in Westminster on 14 August 2018). The comparative lack of attacks in the UK could be largely put down to two causes: first, Daesh's continual decline in Syria and Iraq leading to a general weakening of the principal threat (due to a reduced ability to directly inspire and sponsor attacks); and second, the enhanced security measures and CT efforts resulting in a consistently high level of interdictions and arrests. Conversely, the decline of Daesh has internalised the threat to the UK again due to the inability of radicalised individuals to travel.

Despite this, the threat level remains at SEVERE (meaning that an attack is 'highly likely') for good reason; over 700 live CT investigations are being undertaken at any one time by the police and MI5 into over 3,000 subjects of specific interest. In 2017 the live investigations' figure was closer to 600. Furthermore, it is assessed that one-late stage attack plot is still being interdicted every month.

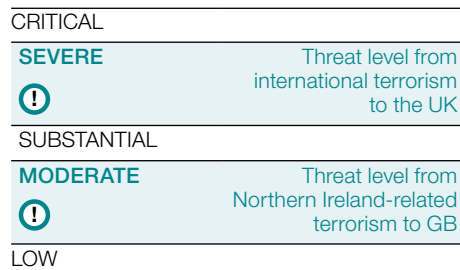
In his article, Sir Mark Rowley observes that "Terrorism is increasing, it moves faster, and is harder to detect." The velocity at which attacks are planned and executed presents a constant challenge to CT agencies. Extremists, be they Islamist or Extreme Right Wing (XRW), continue to access compelling material online which, coupled with easy access to low-tech attack materials, makes bladed, vehicle and improvised explosive devices (IEDs) incidents more likely. Monitoring, containing and, where necessary, arresting over 3,000 subjects of specific interest and 20,000 former subjects of interest is one matter, detecting those individuals who are not known but have the intent to commit mass casualty attacks is another. With the further demise of Daesh in Syria and Iraq it is likely that we will see continued self-inspired attacks in 2019. The threat from al Qaeda (AQ) persists, particularly in its heartland of the Federally Administered Tribal Areas (FATA) as well as in Iraq and Syria, and the risk of a spectacular attack cannot be discounted.

There is a widely recognised increase in the threat posed by XRW individuals and groups. This was seen in 2018 through increasing arrests and convictions of XRW individuals in the UK, as well as an increase in referrals of individuals connected to the Far Right to Prevent initiatives such as Channel. In December, the Home Office announced that, for the first time, the number of people receiving deradicalisation support for XRW and Islamist views were roughly equally split. The Head of the West Midlands Counter Terrorism Unit, DCS Matt Ward, recently explained that the extreme right wing "makes up around a fifth" of what they do and is continuing to grow.

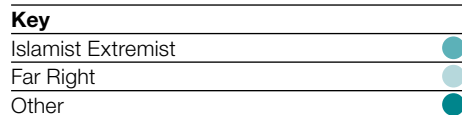
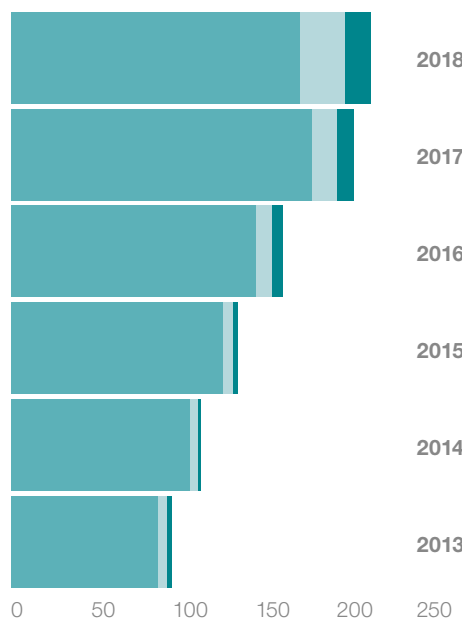
Snapshot

Enhanced security measures and CT efforts minimised attacks during 2018.

Current UK threat level:



Number of persons in custody for terrorism-related offences, by ideology



THREE BIG THEMATIC LESSONS HAD BEEN IDENTIFIED BY THE POLICE. THESE INCLUDED:

- BEING BETTER AT COLLECTING, ANALYSING, PROCESSING, AND MANAGING DATA;
- COLLABORATING WITH AND SHARING INFORMATION WITH THE WIDEST RANGE OF PARTNERS, IN PARTICULAR THE PRIVATE SECTOR;
- AND, DEALING WITH DOMESTIC EXTREMISM MORE EFFECTIVELY.

However, the far right continues to lag well behind the Islamists in terms of conducting successful terrorist attacks. Part of this can be explained by the fact that the far right in the UK lacks the equivalent of a group such as Daesh to sponsor, co-ordinate and inspire attacks, although it now appears that National Action has an increasing role in mobilising XRW activity and the promotion of hate crime. In addition, the far right often lacks the sophistication and skills seen in other terrorist entities. This has resulted, to date, in a lower level of successful attacks and plots, which in general have been easier to detect and disrupt; in this way the XRW may have more in common with the Islamist threat than might first appear. However, as some far-right extremists have former military experience and knowledge of weapons and explosives (as seen with Anders Breivik's attacks in Norway in 2011) the potential for a mass casualty or IED attack in the UK cannot be discounted.

The explosion on 19 January in Londonderry by a group calling itself the 'IRA' is a timely reminder of the threat posed by Northern Ireland Related Terrorism (NIRT) and the use of vehicle borne improvised explosive devices (VBIEDs). Although the Police Service of Northern Ireland (PSNI) described the device as "crude", "very unstable" and made using gas canisters, there is speculation that Semtex could have been the detonator. Dissident Republican groups retain the capability to build sophisticated explosive devices.

Non-Damage Business Interruption

The threat landscape has clearly changed since the attacks in Europe in 2015 and terrorists' preferred attack methodologies now involve knives, using vehicles as a weapon, firearms and increasingly IEDs. As a result, the majority of attacks over the last four years have resulted in a handful of property damage claims but significant non-damage business interruption (NDBI) losses caused by denial of access and loss of attraction. These types

of incidents have exposed the vulnerabilities of business, in particular small and medium sized enterprises (SMEs), to incidents which cause NDBI. Pool Re included NDBI in its Scheme in February 2019 which will allow business to buy coverage that responds to the threat of contemporary terrorism. However, for NDBI cover to be successful it must be both affordable and accessible to small businesses and Pool Re, in collaboration with other stakeholders and Members, continues to look at ways and means of improving risk awareness and the incorporation of appropriate risk mitigation measures by its Members and insureds. As Eden Stewart's article concludes, businesses can further improve their resilience to terrorist incidents by having government approved protective security measures as well as resilience, business continuity and crisis management plans in place.

Drones

Although not covered in this report (see previous reports on this threat [here](#)), and not declared as a terrorist incident, the closure of Gatwick Airport for three days before Christmas reminds us of the potential for terrorists to use drones to target aviation directly or to use them as airborne IEDs or to drop explosive material. The use of drones by Daesh in Syria and Iraq has been extremely sophisticated, undertaking reconnaissance as well as dropping IEDs on coalition forces. The drone attacks in Venezuela and the recent incident in Yemen by Houthi rebels demonstrate that threat actors can be highly innovative in circumventing traditional security measures. Countering drones in built-up areas remains extremely challenging from both a technical and legal perspective, which will be of concern to insurers.

Risk Mitigation

Pool Re was delighted by the attendance of nearly 300 guests at the launch of its [2018 Terrorism Threat and Mitigation Report \(TMR\)](#) in November and its proposed coverage of NDBI in its Scheme. We were privileged to have Assistant Commissioner Specialist Operations Neil Basu QPM as our keynote speaker and the Member of Parliament, and former Home Secretary, Amber Rudd as one of our panellists. We were also joined by counter-terrorism professionals from the Royal United Services Institute (RUSI) and Cranfield University as well as Conrad Prince, our senior cyber terrorism advisor.

Neil Basu informed the audience that the attack by Khalid Masood on Westminster Bridge in March 2017 had "lowered the bar for terrorists in this country and had established a momentum for those who had thought the UK too difficult a target". He went on to say, as part of the review of the 2017 attacks, that three big thematic lessons had been identified by the police. These included: being better at collecting analysing, processing, and managing data; collaborating with and sharing information with the widest range of partners, in particular the private sector; and, dealing with Domestic Extremism more effectively. His consistent message throughout was that there can be no "freedom and no prosperity without security" and that "every responsible business also needs to be a CT business". He underlined these two points by saying that businesses need to become as engaged in the protection of their communities as they are in focusing on their economic well-being.

Amber Rudd was equally clear in her responses to questions on the panel about the key role that business has to play, in particular the insurance industry, in risk mitigation and resilience. She reminded the audience of the threat posed by all threat actors, including extremist groups, and the rising threat of Domestic Extremism, in particular the far right.

The key speeches from this event are available in a podcast and video available on the [link below](#).

Summary

In summary, 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 our cover will further increase business resilience to contemporary terrorist attack methodologies. We will continue to examine the ways and means of providing affordable and accessible terrorism cover, including to small and medium sized businesses. We are proud that our efforts to develop an ecosystem that aims to design, promote and share protective security best practice is acknowledged by the CT Police and that we were recognised in the 2018 CONTEST strategy review as an excellent example of how government and industry can work together to mitigate the effects of terrorist attacks in the UK.



Ed Butler CBE DSO

Head of Risk Analysis, Pool Re



Links to sources of further information:

Channel guidance

Channel is part of the Prevent strategy. The process is a multi-agency approach to identify and provide support to individuals who are at risk of being drawn into terrorism. www.gov.uk/government/publications/channel-guidance

Terrorism Threat & Mitigation Report (TMR) 2016

Emerging Risk Report: Drones www.poolre.co.uk/wp-content/uploads/2017/02/Pool-Re-Terrorism-Threat-Mitigation-Report-Aug-Dec-2016.pdf

Terrorism Threat & Mitigation Report (TMR) 2018

www.trac.poolre.co.uk

Podcast

<https://soundcloud.com/poolreinsurance/pool-re-podcast>

BUSINESS ON PAUSE



NON-DAMAGE BUSINESS INTERRUPTION – THE COST OF TERRORIST ATTACKS

NON-DAMAGE BUSINESS INTERRUPTION – THE COST OF TERRORIST ATTACKS

FROM 2014 ONWARDS, IT BECAME APPARENT THAT A TERRORISM INSURANCE GAP HAD EMERGED. ATTACKS INCREASINGLY CAUSED LITTLE OR NO PROPERTY DAMAGE BUT STILL RESULTED IN SIGNIFICANT LOSSES.

TO CLOSE THE PROTECTION GAP WHICH HAS EMERGED IN RECENT YEARS, POOL RE HAS EXTENDED ITS COVER TO INCLUDE NON-DAMAGE BUSINESS INTERRUPTION (NDBI) LOSSES.

Eden Stewart
Senior Analyst



From 2014 onwards, it became apparent that a terrorism insurance gap had emerged. Attacks increasingly caused little or no property damage but still resulted in significant losses. However, for policies to respond, a direct physical damage trigger was required, leaving insureds without cover. The recently passed Counter-Terrorism and Border Security Bill 2018 allows Pool Re to cover losses incurred if a business cannot trade or is prevented from accessing its premises in the wake of a terrorist attack.

Following the 1992 bombing of the Baltic Exchange by the Provisional Irish Republican Army (PIRA), terrorism exclusions were applied to property policies, precipitating the creation of Pool Re to ensure the availability of terrorism cover for commercial property. However, the threat landscape has evolved significantly since then, and cover created to mitigate the risk of legacy threats may not respond to the full range of methodologies employed by today's terrorists.

Conceived against the backdrop of the militant Republican bombing campaign against financial and commercial infrastructure, Pool Re's cover was designed to respond to losses triggered by material damage to commercial property (PD) and attendant business interruption (BI) costs. With the 2001 attacks on the World Trade Center, Islamist extremism supplanted Northern Ireland-related terrorism as the primary terror threat to Great Britain. The intent of Islamist terrorists was (and remains) to maximise loss of life and societal disruption. Consequently, property is no longer the primary exposure at risk, with attacks today typically generating much less PD than those mounted by PIRA two decades ago. Nonetheless, the economic cost of terrorism remains high. The 2016 Brussels Airport bombing resulted in total losses of approximately €200m. PD losses accounted only for an estimated €3m of this, while BI losses were estimated at €42m.

The divergence from historic patterns of targeting became particularly pronounced after 2014, when Daesh exhorted its followers in the West to mount attacks using a variety of tactics, including unsophisticated methodologies like the use of vehicles and knives as weapons. Following Daesh's call to arms in mid-2014, Western Europe witnessed 65 Islamist attacks, half of which employed low complexity methodologies. While capable of causing large numbers of casualties and significant economic costs, these attacks did not generally cause significant property damage. For example, the 2016 Nice attack killed 84 people and cost the French economy an estimated €300m, but available evidence suggests there were no property claims (1).

Subsequent attacks would further illustrate the gap between insured loss and actual cost of terrorist attacks, and the limitations of existing terrorism cover. The investigation into the 2017 London Bridge attack was accompanied by a 10-day police cordon around the area. Borough Market was closed, and the owners of its 153 stalls were prevented from accessing their premises. Estimated losses were £1.4m at minimum (2). Few, if any, of the affected businesses are believed to have had terrorism cover. However, there was very little damage to property as a result of the attack, so, in the absence of direct PD trigger, it is unlikely that any would have been able to claim for BI losses. The London Bridge attack, and the protection gap it highlighted, was the primary driver for the amendment to Reinsurance (Acts of Terrorism) Act 1993 provided by the Counter-terrorism and Border Security Bill which will enable Pool Re to offer non-damage BI cover.

“WE WILL NOT ALLOW TERRORISTS TO CHANGE OUR WAY OF LIFE. SO WHEN BUSINESSES RAISED THEIR CONCERNS ABOUT A GAP IN INSURANCE COVER FOLLOWING A TERROR ATTACK, WE WORKED WITH POOL RE TO COME UP WITH A SOLUTION. WE’VE CHANGED THE LAW TO GIVE BUSINESSES PEACE OF MIND, HELPING THEM TO INSURE THEMSELVES AGAINST FINANCIAL LOSS AS A RESULT OF A TERRORIST ATTACK, EVEN IF THERE IS NO PHYSICAL DAMAGE TO THEIR PROPERTY. THIS MEANS BUSINESSES WILL BE ABLE TO TAKE OUT NEW AND COMPREHENSIVE POLICIES TO PROTECT THEM IN THE FUTURE.”

**JOHN GLEN MP,
ECONOMIC SECRETARY
TO THE TREASURY**



Links to sources of further information:

(1) 2016 Nice attack

www.ft.com/content/436faa32-8e7f-11e8-bb8f-a6a2f7bca546

(2) 2017 London Bridge attack

www.ft.com/content/70f1f014-2dc7-11e8-a34a-7e7563b0b0f4

(3) 2015 Paris attacks

www.independent.co.uk/travel/paris-tourist-numbers-drop-franch-terror-attacks-further-charlie-hebdo-bataclan-shooting-isis-a7592836.html

This protection gap was not exclusive to low-complexity methodologies; half of Islamist attacks involving firearms in Europe since mid-2014 did not cause any PD. In total, two-thirds of attacks in Western Europe during the period would not have triggered property policies. The wave of Islamist violence also demonstrated that terrorism risk was no longer concentrated in areas near high-profile targets. Crowded locations of any sort became potential targets, with civilians attacked at prosaic locations like supermarkets, bus stops and churches. While targets of totemic value accounted for the majority of attacks, these now included police officers on patrol and ordinary Jewish institutions like schools and delicatessens. The trend towards greater diversity in targeting means the threat is more geographically dispersed than before; almost 40% of Islamist attacks in Europe since mid-2014 occurred in conurbations with fewer than a million inhabitants.

The change in threat means many more organisations may be exposed to terrorism than previously, and that relative anonymity or remoteness from symbolic targets are now less likely to shelter them from either the direct or indirect effects of a terrorist attack. Businesses close to the site of an attack are likely to face denial-of-access (DoA) and attendant business interruption due to police cordons. While the size and length of cordons will likely vary considerably depending on the nature of attack, the 10-day cordon around London Bridge and Borough Market gives some indication. Most cordons are likely to last days rather than hours and could extend for hundreds of metres around crime scenes.

Furthermore, businesses’ losses are unlikely to be confined to revenues and stock lost due to DoA. Attacks can depress trade in areas affected by terrorism for months after an incident; the Parisian regional tourism committee assessed that the tourism sector suffered a 6.1% drop in revenues over the year following the November 2015 attacks (3). Tourism and hospitality sectors are particularly susceptible to loss-of-attraction (LoA), although all consumer businesses are likely to suffer from diminished footfall as a result of attacks. Experience from the 2017 attacks in England suggest that small and medium-sized businesses (SMEs) are especially vulnerable to BI losses, particularly cash flow interruption and loss of perishable stock. They are also likely to be more sensitive to supply chain disruptions and diminished footfall. To understand fully the impact of attacks on SMEs, Pool Re commissioned a study into the Manchester Arena attack and its effects on local businesses. The study’s key findings are detailed later in this report.

To close the protection gap which has emerged in recent years, Pool Re will extend its cover to include non-damage BI (NDBI) losses. This will allow Pool Re Members to opt into providing Pool Re-backed NDBI coverage, or to write such cover independently. Once they elect to join the Pool Re NDBI solution, Members will be able to offer NDBI cover to the extent such cover is provided on their underlying BI policy. The reinsurance cover available from Pool Re consists of two key elements;

1. **Non-Damage Denial of Access** – this covers policyholders if access to their premises is denied or impaired, and they suffer loss of income or increased costs and
2. **Non-Damage Loss of Attraction** – this will cover loss of footfall caused by a terrorist incident in the immediate vicinity of the premises.

Importantly the scope of cover offered is very wide and would extend to incidents involving chemical, biological, radiological and nuclear causes, so if the events in Salisbury had been certified as an act of terrorism, Pool Re NDBI cover would trigger. However, the NDBI cover will not extend to incidents triggered by remote digital means (cyber terrorism).

While the legislative amendment authorising Pool Re to reinsure NDBI cover is an important step to closing the protection gap and making cover affordable, more work is necessary to promote awareness of the threat and availability of cover. Not only do we need to help businesses make informed decisions on whether to buy any type of terrorism coverage, but we can also provide insight and research to inform better these crucial decisions.

While the frequency of successful attacks in Europe declined significantly in 2018, the threat has not abated, and security services continue to work at capacity. Low complexity attacks remain likely, and there is ample evidence that Islamist terrorists continue to devote resources to executing spectacular attacks involving explosive devices against a range of targets. Furthermore, the increasing threat of extreme right-wing (XRW) terrorism may exacerbate an already complex threat landscape. XRW terrorists will likely employ similar methodologies to their Islamist counterparts, but are likely to target ethnic and sexual minorities as well as politicians, increasing the geographic spread of potential targets. Meanwhile, the increasing availability of unconventional attack methodologies, like the use of drones, has the potential to cause both destruction and significant disruption.

This dynamic threat environment means that a proactive approach to risk management, underpinned by appropriate insurance, is vital if businesses are to increase their resilience to terrorism. Organisations should develop and rehearse crisis management and business continuity plans to ensure they and their employees know how to respond in the event they are impacted by an attack. Pool Re continues to explore ways of increasing the UK’s resilience to terrorism through identifying and closing insurance gaps, encouraging provision of cover by its Members, take-up of cover by businesses, and promoting risk mitigation initiatives in partnership with its stakeholders in industry and government.

London Bridge and Borough Market attack

22 May 2017

Key

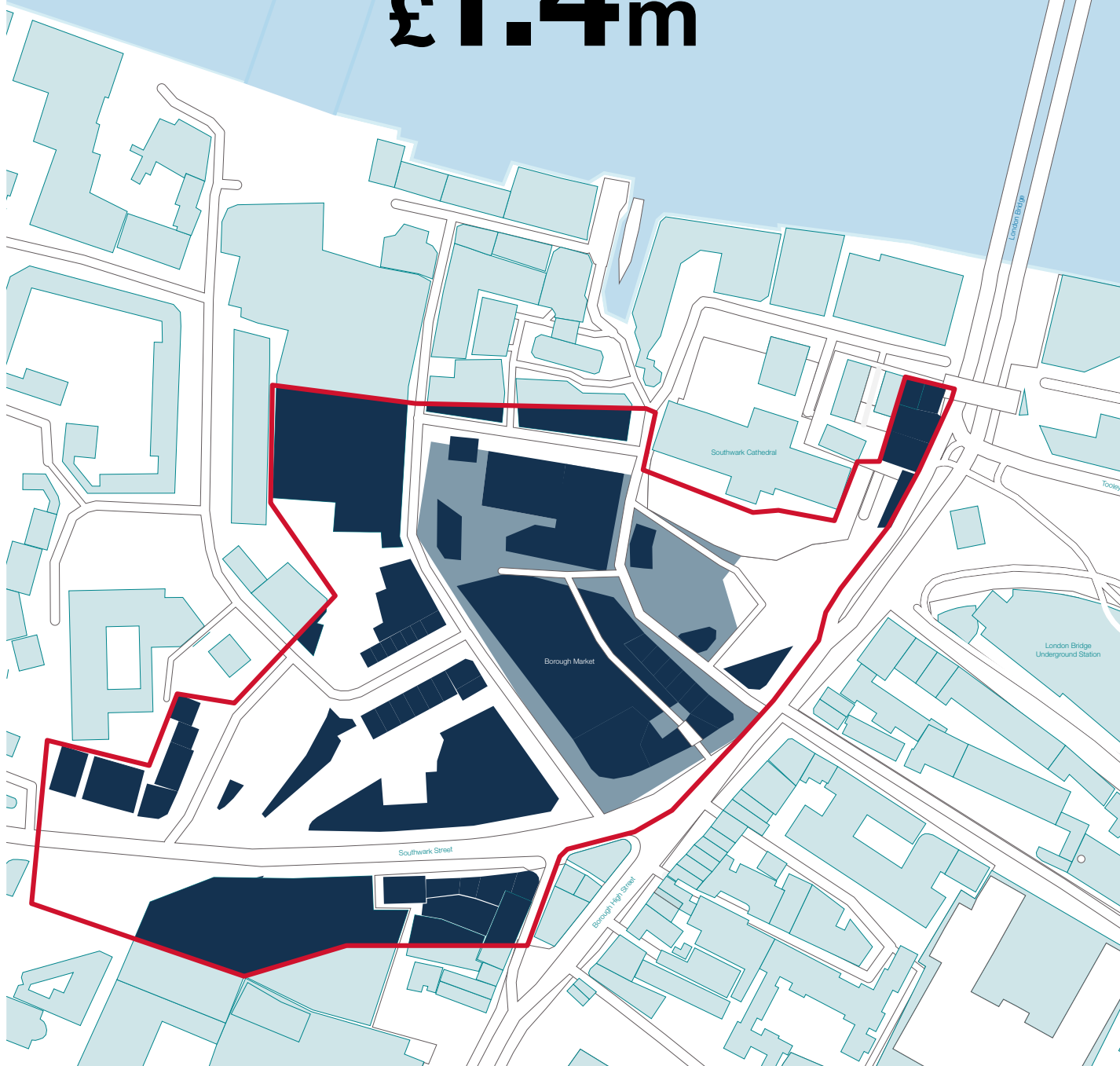
- Borough Market ●
- Local businesses affected ●
- Police cordon ○

10
153
£1.4m

Days of Police cordon around the attack area

Stalls in Borough Market prevented from accessing their premises

Minimum estimated losses



MANCHESTER ARENA ATTACK, 22 MAY 2017

A study into the impact on small businesses.

David Evans

Founder, The Campaign Company



Pool Re undertook a case study (1) into the impact of the Manchester Arena attack on small businesses in the area. The study also investigated what, if any, protective measures in terms of insurance, businesses were aware of. Research revealed that some businesses suffered significant disruption, and the attack gave rise to several key considerations for insurers.

There were 19 businesses caught within the inner cordon following the attack and widespread closures affected businesses for at least two days. Businesses that were more exposed to the Arena saw a reduction in their trade as a result of the Arena closing for several months. Those who derived income from the Arena saw footfall and trade decrease. Indeed, some reported that the level of business was still not back to pre-attack levels due to a loss of attraction and footfall. There were examples reported of unforeseen costs incurred and operational disruption. The need to support staff both emotionally and practically following the attack was underlined, with concerns in some cases only becoming apparent weeks afterwards. Business interruption did not affect businesses exclusively, there was also evidence of implications for subcontractors and other parties reliant on the businesses.

One of the most striking results of the study revealed that the first 48 hours following an attack are decisive for businesses. The Arena attack caused significant widespread disruption and those inside the cordon were closed completely for the period of initial investigations. Businesses expressed that support needed to be quick, direct, well-designed and sensitively delivered to meet their needs. Small businesses operating on tight margins in fiercely competitive retail or catering sectors described how a few days' denial of access could 'send them under'. In the face of this there was no scope for anything other than the urgency of reopening.

(1) Case study

Pool Re commissioned The Campaign Company (TCC), who spoke to over 50 businesses who were directly or indirectly affected by the Manchester Arena attack.

43% of businesses interviewed had no continuity, disaster recovery or crisis plan in place. Small businesses, who lacked the resilience of larger organisations, found the consequences were profound, and few had any crisis evaluation processes in place. Even fewer had had conversations about terrorism insurance cover. In some cases, businesses reported that they thought they would be covered by their existing insurance but found out post-event from their insurer that this was not the case. The Federation of Small Businesses (FSB) suggested there was a gap between expectations and reality. An article produced by 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," further suggesting that take-up of terrorism insurance was approximately 10% – reducing among businesses outside London, who may consider it a low risk or not a priority on a tight budget.

Conclusion

The recent passing of the Counter-Terrorism and Border Security Bill 2018 will now enable Pool Re to extend terrorism cover to include non-damage business interruption losses resulting from acts of terrorism.

“WE HAVE WORKED VERY CLOSELY WITH THE GOVERNMENT, AND WITH THE INDUSTRY SINCE IT OPTED TO MUTUALISE THE NON-DAMAGE RISK IN 2017. PERHAPS MORE IMPORTANTLY, WE ARE ALREADY COLLABORATING WITH BUSINESS FEDERATIONS, LOCAL AUTHORITIES, BROKERS AND OUR MEMBER INSURERS, ALL OF WHOM NEED TO HAVE OPEN CONVERSATIONS WITH THEIR CUSTOMERS ABOUT JUST HOW MUCH MAY DEPEND ON HAVING THIS COVER IF THE WORST SHOULD HAPPEN.”
JULIAN ENOIZI,
CHIEF EXECUTIVE



Links to sources of further information:



Action Counters Terrorism (ACT)

Knowing how to recognise and report suspicious activity is important in keeping safe from terrorism. Read more on the ACT website, which offers advice and guidance on how to report concerns including both physical and online activity.



Centre for the Protection of National Infrastructure (CPNI)

Their website offers a wide range of advice, not just for national infrastructure assets. Read more on their guidance for disrupting hostile reconnaissance on their website.



Cross-sector Safety and Security Communications

A partnership between law enforcement agencies, local and national government organisations and private sector businesses. Register your business to receive security updates on the CSSC website.



The UK threat levels are set by MI5 and the Joint Terrorism Analysis Centre, JTAC

Read more about them and international terrorism via the MI5 website.



London Protect

Run by the Metropolitan Police, London Protect publishes monthly newsletters to provide regular updates advising and informing businesses in the London region of relevant protective security information. Follow them on Twitter.



See It, Say It, Sorted

A campaign to encourage train passengers and station visitors to report any unusual items or activity. Text 61016 or call 0800 40 50 40 to help keep the UK's rail network safe.



Run, Hide, Tell

Information and resources to stay safe if you are caught up in a firearms and weapons incident in the UK.



National Cyber Security Centre (NCSC)

A part of GCHQ, the NCSC was set up to help protect our critical services from cyber attacks, manage major incidents, and improve the underlying security of the UK Internet through technological improvement and advice to citizens and organisations. Their vision is to help make the UK the safest place to live and do business online.

OCT/18-JAN/19 A REVIEW OF SIGNIFICANT INCIDENTS

Camilla Scrimgeour
Senior Analyst



Frequency of global terrorism

525

Total number of attacks

43

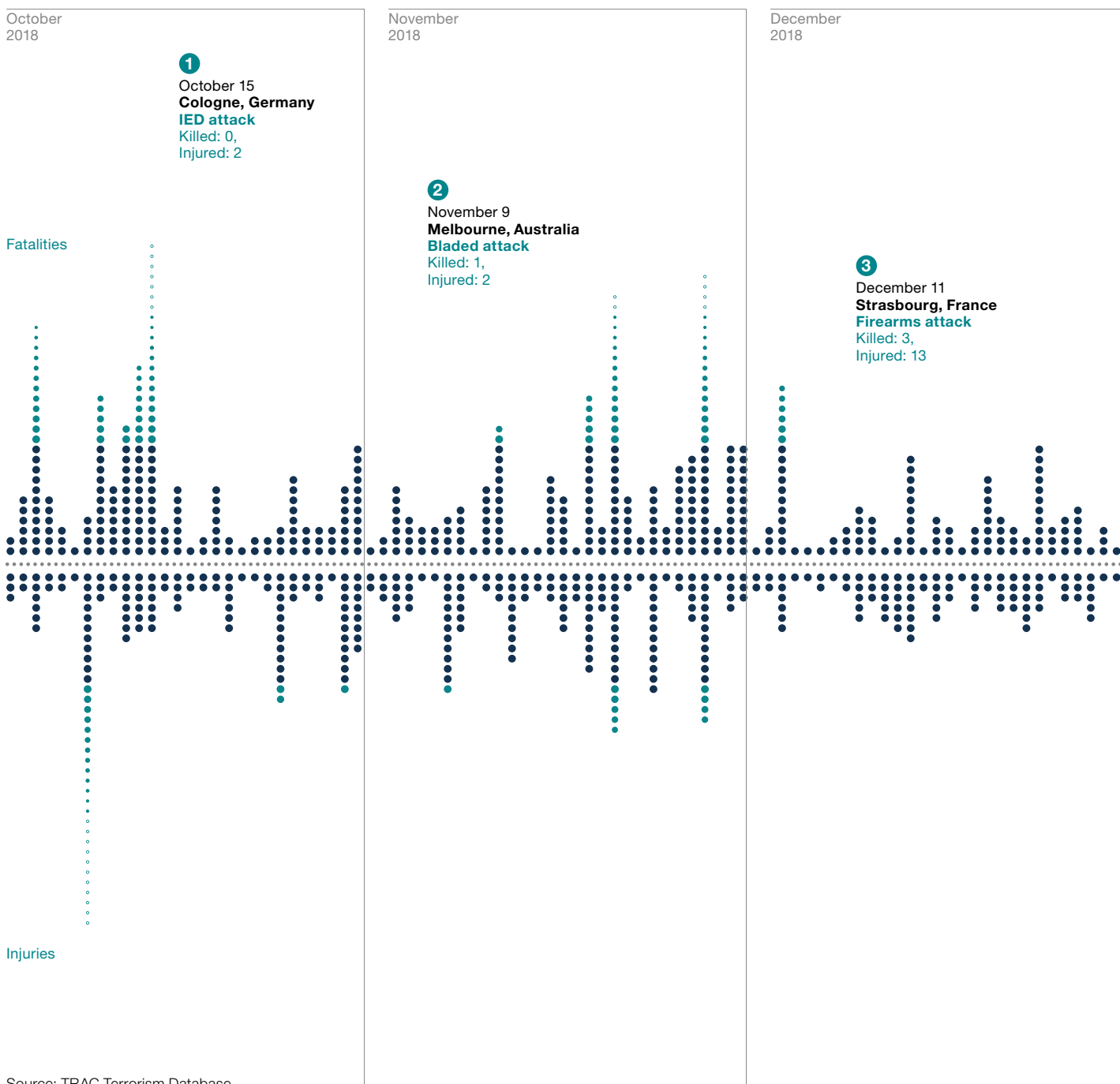
Total number of countries

Key	
Europe 9	●
Latin America and the Caribbean 24	●
Middle East and North Africa 123	●
North America 0	●
Russia and CIS States 4	●
South Asia 188	●
South East Asia 37	●
South Pacific 1	●
Sub-Saharan Africa 139	●

Q4/18-Q1/19
A review of significant incidents
Continued

Severity of attacks

There were 525 attacks between 1 October 2017 and 31 January 2019, causing at least 2,152 deaths and 2,954 injuries. The most lethal attack took place in Maidan Shar in Afghanistan. There were nine attacks in Europe, two of which took place in the United Kingdom.



Source: TRAC Terrorism Database

UK attacks and events

1. December 31

Manchester, United Kingdom

Bladed attack

Killed: 0, injured: 3

A 25-year-old man stabbed two civilians and a police officer at Victoria Station in Manchester. He reportedly shouted Islamist slogans during his arrest, and police are treating the attack as terrorism. The victims were all hospitalised but did not suffer life-threatening injuries. The attacker is reportedly a Somali national who had moved to the UK from the Netherlands as an adolescent. The police believe the man acted alone.

Individual attackers employing bladed weapons against civilians in crowded places is consistent with the methodologies and targeting propagated by Daesh and its supporters in the West. Victoria Station was cordoned off for the investigation but was reopened to the public the following morning. No property damage is believed to have occurred. Nonetheless, the incident underscores the realistic probability of terrorists successfully attacking targets outside London.

2. January 19

Derry, Northern Ireland

VBIED attack

A vehicle-borne improvised explosive device (VBIED) exploded outside a courthouse in Derry. The vehicle containing the device was reportedly hijacked from the driver by armed men around 1800. An hour and a half later, the VBIED was parked outside the courthouse on Bishop Street. Shortly after, a warning was called into the West Midlands Samaritans, who passed the information onto West Midlands police, who, in turn, informed the Northern Irish police (PSNI). Nearby buildings were evacuated before the device detonated at 20:09. The vehicle was parked outside the security perimeter of the courthouse, and the blast caused little damage to either the courthouse or surrounding buildings. It caused no injuries.

The PSNI described the device as “crude” and “very unstable” and was reportedly constructed using gas canisters. Plots in Europe frequently feature the use of commercially-available gas cylinders, however, using them to generate an effective blast is difficult. Dissident Republican groups are believed to retain the capability to build sophisticated explosive devices, and some continue to target figures of authority. The targeting of a courthouse is consistent with this; however, the telephoned warning suggests the attackers did not intend to cause loss of life. Nonetheless, the incident represented the first use of VBIEDs by dissident Republicans in several years. Further such attacks are possible in Northern Ireland, and the threat level for Northern Ireland-related terrorism (NIRT) remains at SEVERE (meaning an attack is highly likely). However, the NIRT threat level to Great Britain is unchanged at MODERATE, meaning an attack on the mainland, while possible, is unlikely. Should the threat level for Great Britain be raised, it could be an indication of increased capabilities of dissident Republicans on the mainland.

Global attacks and events

3. October 15

Cologne, Germany

IED attack

Killed: 0, injured: 2

A Syrian man ignited an incendiary device in a fast-food restaurant in Cologne’s main train station, injuring at least one person. He then fled to a nearby pharmacy, taking a woman hostage. Police evacuated the train station and attempted to negotiate with the suspect, but after two-hours stormed the pharmacy, shooting him and freeing the hostage. Train services across West Germany were disrupted by the incident.

Unconfirmed reports indicate that the suspect claimed to be a member of Daesh. As with previous attacks in Europe, German authorities confirmed that he may have had Islamist sympathies, but said there was no evidence tying him to terrorism organisations. Common to many other violent European Islamists, he also allegedly suffered from mental health problems and had a history of petty criminality. Police also said that the suspect intended to cause an explosion using pressurised gas canisters. Other terrorists in Europe have attempted to employ similar methodologies in recent years, although none successfully.

4. November 9

Melbourne, Australia

Bladed attack

Killed: 1, injured: 2

A Somali-born Australian citizen set fire to his car in Melbourne’s central business district before attacking pedestrians with a knife. He wounded three people, one of whom subsequently died, before being shot and killed by police. The suspect was known to the Australian security service and had his passport confiscated in 2015 due to suspicions that he intended to travel to Syria to join Daesh. Daesh claimed responsibility for the attack via its Amaq news agency.

This attack underscores the significant threat, common to Australia and Britain, posed by Daesh-sympathisers prevented from travelling abroad. Daesh’s claim is assessed to have been opportunistic, and the group’s leadership is unlikely to have been aware of the suspect prior to the attack. This is consistent with previous Islamist attacks in the country since 2014, all eight of which were conducted by ‘inspired’ individuals. Australia remains an active participant in the coalition action against Daesh, and future attacks by radicalised individuals in the country are likely.



Links to sources of further information:

Terrorism Threat & Mitigation Report January to July 2017

Terrorism in the United Kingdom and Europe

5. December 11

Strasbourg, France

Firearms attack

Killed: 5, injured: 11

A lone gunman fired on crowds visiting the Grande Ile Christmas Market in Strasbourg, killing five people and injuring 11 more. The attacker exchanged fire with responding security forces, wounding one soldier, before hijacking a taxi and escaping the city centre. French and German authorities deployed additional resources to the area and closed off several locations in the city, including the European Parliament. The suspect was later recognised by a police patrol in Strasbourg, fired on officers and was shot and killed.

In common with many other French terrorists, the suspect had a history of violent criminality, and had been flagged by authorities as a potential terror risk following his association with extremists while in prison. The police had raided his residence earlier that day in an attempt to arrest him for suspected involvement in an armed robbery, which may have precipitated the attack. Firearms, grenades and a video of the attacker pledging allegiance to Daesh were found in his flat, indicating that he may have undertaken attack planning prior to the police raid.

Festive locations are regularly identified as potential targets in Islamist extremist propaganda, and Christmas markets in Europe have been successfully attacked by terrorists before. The weapon was reportedly obtained through the attacker’s criminal connections. While firearms have been used in previous attacks in Great Britain, such as the murder of Jo Cox MP, they have traditionally proven more difficult to acquire than on the continent. Although they aspire to use firearms in an attack, in the UK, Islamist extremists are currently more likely to employ low sophistication attack methods.



Sir Mark Rowley

Sir Mark Rowley QPM, RUSI Fellow, Chair and NED was until March 2018 National Head of Counter Terrorism Policing at Scotland Yard.



The private sector has to play a bigger role than ever as part of a whole society effort to counter today’s terrorism threat. I conveyed this message when delivering the ‘Colin Cramphorn Memorial Lecture’ last year at the Policy Exchange. Today’s terrorism threat is fundamentally different to previous iterations. I am therefore pleased to be helping Pool Re review both its strategy against changing threats, and the new opportunities to close the current insurance protection gaps, such as the ‘non-damage business interruption’ (NBDI) currently being considered by Parliament.

The sustained intensity scale and pace of the threat is greater than seen for decades and indeed the threat level has been at SEVERE for over four years – the longest sustained period at this heightened state for decades. This could lead to the erroneous assumption of simply more of the same. In reality we have to confront a dramatically changed and rapidly evolving set of threats. I will illustrate this, draw the threads together and then look at what this means for insurance and risk management.

Last year I stepped down after four extraordinary years leading the UK’s counter terror policing. My tenure was bookended by the Daesh leader declaring the so-called Caliphate on my second day, and then on my penultimate day, I instigated the investigation into the Russian nerve agent attack in Salisbury. It was my privilege to lead ten thousand officers and police staff, who worked hand in glove with MI5 and other agencies during this period and did extraordinary things to keep the public safe. Our strength drew heavily on learning from five decades of domestic terrorism but the pace of the change in threats was still a major challenge.

Our efforts in 2017 were the most exceptional in decades – it was the best of years in so much as we were able to prevent 14 late-stage attack plans, but it was also the worst of years, with 36 innocent citizens killed in five atrocious attacks. Those deaths will always weigh heavily on me.

TERRORISM HAS INCREASED, IT MOVES FASTER, AND IT IS HARDER TO DETECT

My successor, Neil Basu has spoken very recently about the continuing pace of the threats faced with 18 attacks now foiled since Westminster and the continuing concerns across Islamist and extreme right-wing terror groups. Indeed, incidents and arrests across Europe and the Manchester New Year’s Eve attack evidence the continuing challenges. Further, the attack in Londonderry shows that there remains Ireland-related terror threats. Preventing all attacks year after year is an impossible objective but it nevertheless remains the aspiration of police and security agencies. There were many dimensions of exceptionality illustrated in the events mentioned above, [which are described in the panel opposite.](#) ➔

The consequences for business are profound

There are now less predictable and more rapidly evolving terrorist methodologies. Right-wing terror groups are growing in the West and are starting to connect, and with the history of Islamist groups fragmenting and reshaping regularly one cannot expect a stable picture. Across Europe, including in the UK, we should expect the threat to remain at current levels from both Islamist and right-wing terror groups. The military damage done to Daesh’s ability to run a ‘HQ’ will mean low-tech attack plans will remain most common and we should not rule out the repetition in the West of methodologies that have been seen in theatre such as use of drones and low sophistication chemical weapons.

For all businesses there are a wider set of threats and vulnerabilities to take into account, that require a more agile approach – one where perhaps vigilance and resilience are of increasing importance alongside classic protective measures, such as hard landscaping and bollards to protect against vehicles. Vigilance provides a unique opportunity to prevent attacks at the reconnaissance stage and we have regularly seen even low complexity attacks preceded by such preparations. We shouldn’t forget the risk from employees – research shows that most family and friends of attackers notice behaviour changes in advance. The resilience that comes from planning and practice has the potential to significantly mitigate the impact of any attack. In summary, all sectors need to step up to these new challenges individually and collectively such as investing in greater information exchange and collaboration with police and government.

The old insurance methodology and original constitution of Pool Re was focused on the large-scale high impact attacks against high profile targets that were at the core of yesterday’s threat, where high-value damage was the biggest risk, and major businesses the likely victims. Quite rightly, the increasing risk of attacks on soft targets, where small businesses operate (and which are much more sensitive to short-term business interruption), has led Pool Re to propose extensions to its cover to close the protection gap by including NBDI in its scheme. Once the legislation is approved all business, in particular small businesses, which buy terrorism insurance will improve their resilience to terrorist attacks.

I finish by explaining why I believe there is real potential for a more proactive ‘risk reduction’ approach where police, security services and the government utilise the leverage of Pool Re and the insurance industry. Our threat assessment models give a reasonable view as to the likelihood of attacks, but I do believe they are close to the upper limit of what can be predicted of malign secretive actors. However, there are good, evidence-based standards as to what works in relation to protective measures and preparatory resilience. Increased codification of these and access to them combined with premium-based incentives, has the potential to better protect businesses, reduce insurance costs and contribute to the resilience of the UK to counter terrorism.

The continuing pace of the threats faced

18

Attacks now foiled since Westminster, 22 March 2017



Connectivity

I cannot recall a case where online material and/or communication were not a factor. One extraordinary case started in early 2015, when I was briefed by detectives that a plot was surfacing where a 14-year-old in Blackburn was directing young men in Melbourne, Australia to carry out an attack on Anzac Day. It was initially hard to believe this could be more than teenage mischief, but the amassing evidence of their online introduction by a fighter in Syria, the nature of the gruesome communications, and the extraordinarily violent instructions to the Australian young men, was compelling. The exceptional relations with the Australian police led to a coordinated operation across the globe and successful prosecutions in both countries. Only a few years earlier, this new reality would have seemed the stuff of Hollywood – too far-fetched to be believable. This showed that, not only can terror groups direct attacks and inspire others through propaganda from afar, but that an individual can easily access sophisticated propaganda material that will propel them towards violent ideology and present them with ideas for targets and detailed instructions on how to conduct an attack.

Sources

Whilst most of cases were Daesh related; five were extreme rightwing, and a number were linked to National Action, a home-grown neo-Nazi white-supremacist terror group proscribed by the Home Secretary in late 2016. Khalid Ali, sentenced to 40 years, was a Taliban bomb-maker who had returned to the UK from Afghanistan to launch attacks here and of course, the Manchester bombing has its roots in Libyan Islamist groups.

Methodology

It has been widely commented upon that terrorists are no longer focused solely on the high impact attacks. The ambition to conduct aviation or major marauding firearms attacks continues but terror groups have also worked hard to lower the bar of entry through encouragement of simple low-tech attacks on soft targets that can still have a global impact through exploitation of social media and the 24-hour global news cycle.

Reach

Connectivity has enabled global terror networks to reach into communities like never before. We saw the ability of Daesh to inspire the vulnerable, including school-age boys and girls, to travel to the so-called Caliphate as well as to inspire them to commit attacks in the UK. Fifteen years ago, if you were angry and looking for a cause, terrorism was inaccessible – getting to a training camp in Afghanistan and planning an attack on an aeroplane almost unattainable. Now, the vulnerable can be persuaded to be a determined killer whilst barely leaving their bedroom.

Volatility

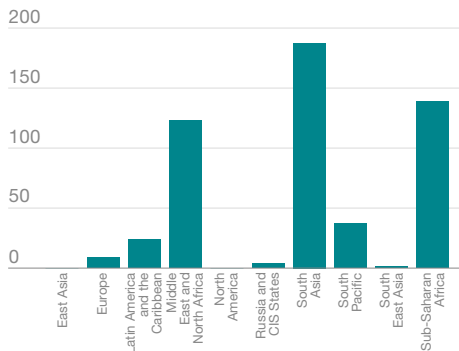
We have seen terrorists accelerate very quickly towards attacks. You will have heard police and MI5 talk about 20,000 former subjects of interest on top of around 3,000 others under different levels of investigation at one time. We have seen cases where many years after being placed in this cohort, changes in their life prompted a rapid acceleration towards launching an attack.

Conclusion

So, in summary, today's terrorism threat is wholly different to that of the earlier days of al Qaeda or the IRA – those were secret networks of terror cells operating as invisibly as they could. Now we see open-source terror cults reaching into our communities and radicalising through propaganda and the use of simple attack methods such as cars and knives. And we mustn't forget that right-wing terror groups and their extremist apologists are also using these tactics.

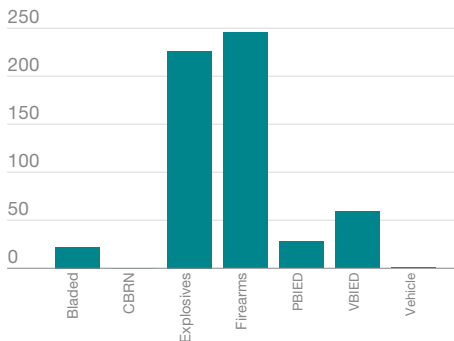
OCT/18-JAN/19 SIGNIFICANT INCIDENTS FACTS SNAPSHOT

Region of attacks



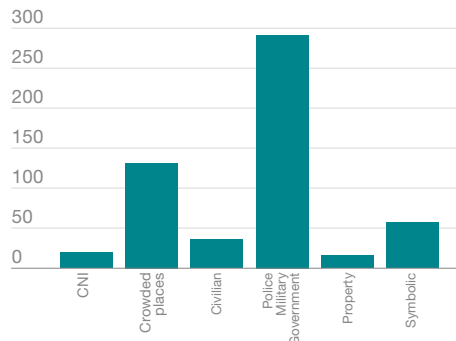
The frequency of attacks was greatest in South Asia in the reporting period, attributable mostly to Islamist extremism.

Global attack methodology



Firearms were the most commonly used weapon in attacks, followed by explosives.

Global attack target types



Police, Military and Government targets remain the most frequently attacked sector, followed by crowded places.

About us

Pool Re is the UK's terrorism reinsurance pool, providing effective protection for the UK economy and underwriting over £2 trillion of exposure to terrorism risk in commercial property across the UK mainland. Through its Terrorism Research and Analysis Centre (TRAC), Pool Re aims to improve the risk awareness of current and emerging terrorism perils for Members and other key stakeholders by highlighting the availability of terrorism cover for all UK mainland Commercial Insurance customers.

About this Terrorism Frequency Report

The Terrorism Frequency Report provides an overview of significant acts of terrorism within the previous quarter as well as identifying key trends and themes that we believe are relevant to the terrorism (re)insurance market. Our methodology is based on the TRAC Terrorism Database, analysis of the wide range of publicly available open source material and collaboration with subject matter experts.

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Go online to discover more about us, our work, methodology and to download our latest publications.

Email

TRAC@poolre.co.uk

Call

+44 (0)20 7337 7170

LinkedIn

www.linkedin.com/company/1795229

Twitter

@poolreinsurance

Address

Pool Reinsurance Company Limited
Equitable House
47 King William Street
London
EC4R 9AF

Pool Re Terrorism Threat and Mitigation Report 2018:

www.tmr.poolre.co.uk

Pool Re hails Government action to close the terrorism insurance gap:

www.poolre.co.uk/pool-re-hails-government-action-close-terrorism-insurance-gap/

Pool Re returns contingency cover against terrorist acts to the commercial reinsurance market:

www.poolre.co.uk/pool-re-returns-contingency-cover-terrorist-acts-commercial-reinsurance-market/

Pool Re sponsored Airey Neave Book Prize awarded to Christopher Andrew's *The Secret World: A History of Intelligence*:

www.poolre.co.uk/christopher-andrews-secret-world-history-intelligence-wins-airrey-neave-book-prize/