

Howden Specialty

Terrorism and Political Violence

HOWDEN

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Our world, shaped by you



\$27bn

Premiums placed
annually for clients

12,000+

Howden specialists

150+

Client territories

- 45 Howden Territories,
11,000 specialists
- Howden One Network
expands Howden's world
to over 100 territories and
over 20,000 specialists

Tell us what you need

Our specialists are part of a global team with the local support and knowledge in 45 Territories, stretching to over 100 Territories when combined with our independent partner brokers across the globe. Our flexibility and depth of resource have made us the first choice for multinational corporations, governments, financial institutions and professional insurance buyers across the world.

Create your team

Specialty insurance is designed for complex risks and, as every client is different, the depth of expertise and experience across our teams means we have the right resources to get the results clients seek from their markets. As an employee owned business, our teams are more personally invested in aligning the success of clients to the success of our own business.

All Specialty, one line to the whole picture, delivered.

Casualty

International Liability, US Liability, Product Recall, Clinical Trials & Life Sciences, Accident & Health.

Logistics

Marine Hull, Marine Liabilities, Aviation, Cargo & Stock, Throughput, Protection & Indemnity & Yachts.

Financial Lines

Cyber, Professional Indemnity, Financial Institutions, Directors & Officers, M&A, Restructuring & Resolution.

Fine Art & Specie

Fine Art, Jewellers Block, Specie & Cash in Transit.

Sport & Entertainment

Sports Disability, Contingency, General Liability & Equine.

Capital Advisory & Placement

Warranty & Indemnity, Tax, title, real estate & contingent risks, Environmental liability, Surety, Trade Credit & Political risk & structured solutions.

Natural Resources

Upstream Energy, Midstream Energy, Downstream Energy, Mining, Power & Utilities, Energy Liability & Sustainable Energy.

Property

North American, International, Public Entity & Infrastructure, Terrorism & PV & Agriculture.

Construction

Onshore, Offshore, Contractors, Owners, Financiers & Developers.

Health & Care

Specialist life science, Pharma / Bio / Nutraceutical liabilities & Clinical trials.

Employee Benefits

What we do

Standalone terrorism and political violence including:

Core perils:

- Sabotage
- Terrorism
- Strikes, Riots, Civil Commotion
- Malicious Damage
- Insurrection, Revolution or Rebellion
- Mutiny and/or Coup d'Etat
- War and/or Civil War
- Business Interruption / Contingent Business Interruption

Ancillary perils:

- Third Party Terrorism Liability (can also include employees Liability)
- Nuclear, Chemical, Radioactive, Biological
- Physical Damage following a Cyber-attack (as a result of Sabotage, Terrorism and/or Malicious Acts)
- Threat
- Loss of Attraction / Non-Damage Business Interruption
- Event cancellation
- Looting following an Insured Peril
- Active Assailant

Why is terrorism and political violence insurance so important

1

Like many other catastrophe perils, a terrorism incident can disrupt or destroy a business, so protecting the business with insurance is a sensible mitigation strategy.

2

However unlike natural catastrophes, terrorism manifests itself in a dynamic and constantly changing manner and is unpredictable, not only in its frequency and severity but in its very nature.

3

Evidence for this can be seen by examining the recent history of terrorism. Terrorist tactics and methodologies during the 1970 to 2000 period featured significant use of guns, bombs, hijackings and kidnappings. Whilst these events still exist, since 2000 methodologies have also included attacks involving vehicles as weapons, knives, airplanes and chemical attacks. Tomorrow's attacks could include Cyber Terrorism, Drones etc.

4

Worldwide civil unrest is increasing, with examples in the USA like 'Black Lives Matter' and political movements in Chile, Hong Kong, South Africa, Peru, France and more. This has seen a significant increase in Strikes, Riots and Civil Commotion losses to the market.

Industry target sectors for political violence

Political Violence targets are not just government owned properties; more attacks / events are being carried out on the private sector, leading to increased awareness and demand for Terrorism and Political Violence Cover

Regular attacks carried out on:



Hotels



Retail



Airports



Restaurants, bars, nightclubs, casinos



Banks



Offices



Manufacturing facilities



Market places



Public transport



Refineries



Pipelines



Construction projects



Mining

It is important to mention that not all events target a specific location. Businesses can be caught up in events such as acts of terrorism or riots without being specifically targeted.

The shape of the market

Pre 2001 the terrorism market was very small, written mostly in conjunction with the all-risk property cover.

9/11 was the kick start to the stand alone terrorism market, however for the first few years it was very difficult to secure USD 100,000,000 of standalone cover.

As of today, the terrorism market has over USD 3,000,000,000 of standalone capacity worldwide.

Perils such as Strikes, Riots and Civil Commotion in many places has been included under the all-risk placement. Due to significant recent losses / events, these perils are now being stripped out and placed within the stand alone PVT market.

The standalone cover is constantly expanding / developing. Standard exclusions, which were in place in previous years, are now being written back in.

Key Information we need to assess a risk



Specific Locations(s)



Asset / Occupancy



Ownership



Deductible Level



Perils Required
(Perils can be bought individually)



Loss Record



Security details



Target Premium
(if available)

Wordings

The standalone terrorism market tends to use fixed wordings, depending on what perils are being purchased. There are different wordings that apply, for example:

LMA 3030 wording	Sabotage and terrorism only
LMA 3092 wording	Sabotage and terrorism, riots, strikes, civil commotion and malicious damage
LMA 5039 wording	Business interruption wording (if purchased)
AFB full political violence wording	Sabotage and terrorism, riots, strikes, civil commotion and malicious damage, insurrection, revolution and/or rebellion, mutiny and/or coup d'etat, war and civil war

However, the market can also cover ‘follow form / local wordings’ – which would need to be agreed by markets. This is common when being asked to cover the original policy wording, rather than our registered fixed wordings.

It is also important to highlight that wordings can be amended / tailored to meet client’s specific needs.



Strikes, riots, civil commotion

The Number of strikes, Riots and Civil Commotion (SRCC) incidents that have occurred globally since 2015, is already double the number that occurred in the previous 10 years, and these events are happening across both the developed and developing regions of the world. Experience, and Howden Specialty Claims settlements to our clients, has shown that these events can have a direct, and costly effect on business operations.

Whilst many property All Risk insurers have historically included SRCC for little or no extra premium, many are now charging significant additional premiums, applying penal deductibles or simply excluding coverage altogether.

Howden Specialty can provide bespoke standalone SRCC coverage with our markets who have expertise with this peril type, as such granting competitive rating. Coverage can be provided for any occupancy type, ranging from retail outlets, commercial offices, transportation hubs and heavy industrial risks.

S&T and/or SRCC can be purchased in isolation or on a combined basis. Premiums tend to be more competitively priced and cost effective when we package the S&T and SRCC perils together.

Active assailant cover

In recent years, there has been an evolution in the methodology of terror attacks towards 'lone wolf' style events. This has been highlighted by incidents across the USA, Canada, Europe, New Zealand and Australia.

Determining the motives of the perpetrator can sometimes be challenging. Authorities were unable to identify a clear motivation to explain the actions of Stephen Paddock, the shooter in the Las Vegas Mandalay Bay incident.

Active Assailant coverage has been created to fill the potential gap, as it does not require an incident to be classed as terrorism in order for a claim to be made, but simply for an attack to have taken place. The product provides cover against a physical attack by an Active Assailant, which involves the use of a weapon. A weapon can be in the form of an explosive device, hand held weapon, vehicle or corrosive substance.

Coverage

Active Assailant provides a wide range of cover that can be tailored to each client's specific requirements:

- Legal Liability
- Property Damage
- Business Interruption
- Loss of Attraction
- Bodily injury and/or death benefit
- Special coverage (including Public Relations consultancy costs, relocation expenses, medical expenses, counselling costs)

Environment

Recent years have highlighted an increase in the frequency as well as the severity of incidents both from terrorist and lone shooter attacks.

In 2022, in the United States, there were a total of 540 mass shootings, averaging 1.48 mass shootings a day (based on a definition of 'minimum of four victims shot, either injured or killed, not including any shooter who may also have been killed or injured in the incident).



Cyber attack cover

Companies around the world have embraced technological advances, making their buildings and plants more responsive, ecological and user-friendly than ever. However, these technological advances can increase vulnerability to cyber attacks capable of physically damaging assets, as well as incurring associated reputational and financial damage.

Recent changes in the insurance market across nearly all classes of business have led to cover being excluded in respect of malicious and most non-malicious cyber acts. Recognising this growing gap in cover for clients, Howden Specialty have developed a product, 'Cyber Attack', which aims to bridge this gap, providing clients with added security resulting from malicious acts.

Cyber Attack provides clients with physical damage and consequential business interruption cover following an attack, directly targeted towards the insured as a result of an Act of Sabotage, Terrorism or Malicious Act. The cover is generally placed as an extension to the traditional Sabotage and Terrorism placements, however the cover can be considered standalone on a case by case basis.

Howden Specialty have developed an exclusive facility with up to USD 295,000,000 of capacity from a number of London markets, with limits offered on both an aggregated and non-aggregated basis. The deductibles tend to reflect the AOP deductibles offered on the property placement.

Cyber attacks resulting in physical damage

- Stuxnet: In 2010, supposedly developed to sabotage the centrifuges at an Iranian uranium enrichment plant. The 'malicious computer worm' was designed to cause the fast-spinning centrifuges to tear themselves apart.
- German Steel Mill: In 2014 hackers infiltrated the corporate network using a spear-phishing attack (a targeted email that appears from a trusted source). As a result of the attackers actions the plant was unable to shut down a blast furnace in a regulated manner, resulting in Physical Damage.

Examples of physical damage that may also result in Business Interruption that would be excluded under a cyber-exclusion but would be covered under the Cyber Attack product includes Fire, Explosion, Sprinkler Leakage, Machinery Breakdown amongst others.

Recent cyber attacks

- Colonial Pipeline was targeted by the criminal gang DarkSide
- JBS (the world's largest meat supplier) was attacked leading to operations in Australia, Canada and the US being affected
- While the above recent incidents didn't result in physical damage, they highlight the increased risk for companies being targeted by criminal organisations and/or malicious actors with nefarious intent.

Why choose Howden Specialty

1

We read between the lines to fully understand our clients challenges, using our access to specialist international insurance markets and deep industry expertise to deliver solutions that are elegant, efficient and pragmatic.

2

Our specialist Terrorism and Political Violence team currently place USD 100m+ premium into the market per annum. The team currently place worldwide business ranging from USD 1m to USD 250bn in size.

3

With key facilities as discussed, we have a very fast turnaround time ranging from 1-48 hours.

4

Excellent market relationships built up since the start of the standalone market.

5

We have the widest appetite in the industry – No Minimum Premiums!

6

We have dedicated claims teams who have handled many Terrorism and Political Violence claims over the past 15+ years. It is our aim to continually provide an exceptional service when handling claims for our clients.





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