

Cover against terrorism

Frequently Asked Questions for Ecclesiastical Policyholders



What is terrorism and how does the insurance market provide cover?

Pool Re, a Government backed terrorism insurance arrangement, defines terrorism in the UK as:

“Acts of persons acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of Her Majesty’s Government in the United Kingdom or any other government de jure or de facto.”

The threat and potential impact of terrorist attacks in the UK has steadily increased over time, resulting in the Government recognising that this is a socio political risk beyond the scope of the traditional insurance market. To ensure that financial protection could continue to be provided via the insurance market the Government set up Pool Re, which allows member insurance companies to recover losses for property damage and business interruption resulting from terrorist events. The Government acts as the financial guarantor of last resort for Pool Re giving it financial stability.

The decision whether an incident is an act of terrorism, and thus Pool Re members can provide cover or not, is made by the UK Government (the sole decision maker).

It is not compulsory for insurance companies to become members of Pool Re but if they do they must follow their terms and conditions in providing cover. This helps ensure that Terrorism cover is provided on a consistent basis across member companies.

Alternative Terrorism cover is available outside of insurance companies which are members of Pool Re. This is mainly via insurers operating in the Lloyds of London insurance market. The terms and conditions may vary between insurance providers and these should be understood before being purchased. An example of this would be that their definition of terrorism may differ from the one provided above. Cover is unlikely to be as extensive as that provided under the Pool Re arrangement.

Can I buy Terrorism Insurance cover from Ecclesiastical?

Yes, Ecclesiastical are members of Pool Re. Terrorism cover can be provided as a separate section of your insurance policy.

What losses are covered under the Terrorism section of the Ecclesiastical Insurance policy?

Property Damage

If a property is destroyed by fire or other insured events resulting from terrorist activities then the policy provides cover to enable the owner to repair or replace the building, contents or stock, etc.

When it feels **irreplaceable**, trust



Business Interruption

This protects the organisation from the financial impact of a reduction in its income as a result of the damage to property from a terrorist attack.

Customers are strongly recommended to review their Business Interruption cover on a regular basis to ensure it meets their needs.

What losses are not covered under the Terrorism section of the Ecclesiastical Insurance policy?

Liabilities – Employer & Public

Liability is not covered under the Terrorism section of the policy and therefore not covered by the Pool Re arrangement. Instead cover is provided under the Employers liability and Public liability sections of the policy for these losses as a result of acts of terrorism.

Under your Cathedralguard/Church policy we will indemnify the Dean & Chapter/ PCC in respect of their legal liability to pay damages and legal costs arising out of bodily injury, death, disease or illness resulting from an act of terrorism, subject to a limit of indemnity of £5,000,000 for any one event.

In order for a claim to be considered under this head of cover, you would have to be held legally liable (normally due to an act of negligence on your part). An example might be that you decided not to evacuate your premises following a bomb warning, the threat turned out to be real and there is an explosion, as a result persons suffering injury sue you for compensation.

Other

Terrorist attacks have traditionally focused on locations resulting in damage to property and injury or loss of life to members of the public. This has been reflected in the insurance cover provided for acts of terrorism relating to property damage, disruption to business activities and injury.

Over recent decades however terrorist attacks have diversified and whilst not affecting Liability cover this has potentially resulted in a gap in cover for Property & Business Interruption.

Consider the following:

- Cyber Attacks
- Lone Wolf attacks (either via vehicles or weapons)
- "Active Shooter Attacks"

In these instances there is often no physical damage and therefore no cover for any resulting Business Interruption losses as a result of police cordons, etc. preventing the normal activities of an organisation.

The UK Government has acknowledged this gap in cover and will be passing an Act of Parliament in either 2018 or 2019 so that the insurance companies who are members of Pool Re can provide cover in these instances.

Despite the above limitations there may be some cover provided under the standard Business Interruption section for events such as bomb scares or the actions of the police or local authority due to an emergency which prevents access to your premises. Please check your policy for details of cover.

Cyber Attacks are a more complex area for consideration. Most policies contain a specific "Electronic Risks" exclusion which excludes cover for direct damage to electronic equipment by such means. However, Pool Re backed Terrorism cover provides an element of cover for indirect damage resulting from the damage to electronic equipment.

An example might be a cyber-attack via a virus damaging the controls of a heating system, and resulting in further damage such as fire or escape of water. No cover would be provided for the control system but subsequent damage to the property caused by the boiler explosion may be covered as terrorist damage.

Cyber Attacks are becoming increasingly common and consideration should be given to protecting your organisation from this threat regardless of it originating from terrorist activities or not. Ecclesiastical can provide separate specialist Cyber cover whether or not Terrorism cover is purchased. If you would like more details of the cover provided under our Cyber policy then please contact us.

What can we practically do to prepare for a terrorist attack?

While terrorist attacks remain uncommon in the UK, general good security arrangements, vigilance and planning will stand you in good stead should the unthinkable occur. To assist you in this regard you may wish to consider the following:

Ecclesiastical Terrorism Checklist

To assist our customers this checklist has been prepared highlighting areas you should consider and prepare for - <https://www.ecclesiastical.com/documents/terrorism-prevention-checklist.pdf>

National Counter Terrorism Security Office (NaCTSO)

This forms part of the UK Government's counter-terrorism strategy and in particular the Crowded Places strategy. As well as general guidance some designated locations are required to undertake Protective Security Improvement Activity (PSIA). If locations fall under the PSIA initiative they may qualify for a discount on their Terrorism cover - www.gov.uk/government/organisations/national-counter-terrorism-security-office

Vulnerable Self-Assessment Tool (VSAT)

If your location is not covered by the above Crowded Places strategy then you could consider the above which is an online security audit to UK Government and internationally recognised standards. This is an online tool, which following answering a number of questions, provides an overall rating and guidance. Locations may qualify for a discount on their Terrorism cover dependent upon property values - <https://poolre.vsat.site/landing>

Where can I find additional guidance?

Useful additional information can be obtained from the following sources:

1. Centre for the Protection of National Infrastructure website – www.cpni.gov.uk
2. The National Counter Terrorism Security Office (NaCTSO) website – www.gov.uk/government/organisations/national-counter-terrorism-security-office
3. Project Griffin website – www.gov.uk/government/publications/project-griffin/project-griffin
4. Project Argus website – www.gov.uk/government/publications/project-argus/project-argus
5. Run Hide and tell film – www.gov.uk/government/publications/stay-safe-film
6. For small to medium sized Churches only - Ecclesiastical Insurance Checklist – www.ecclesiastical.com/document/terrorism-prevention-checklist.pdf
7. Citizen Aid – citizenaid.org/
8. Business Continuity Planning. Robust software package - www.riscauthority.co.uk
9. Pool Re – www.poolre.co.uk/who-we-are/about-pool-re

For further information call us on **0345 777 3322** or email churches@ecclesiastical.com
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