Terrorism, Sabotage and Politically Motivated Violence Insurance

Rupert Morgan - Gallagher London

24 April 2012
### Political Violence Insurance

#### Product

<table>
<thead>
<tr>
<th>'Stand-alone' Terrorism</th>
<th>Political Violence</th>
<th>Business Interruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Terrorism</td>
<td>• Terrorism</td>
<td>• Loss of Earnings/Extra Expense</td>
</tr>
<tr>
<td>• Sabotage</td>
<td>• Sabotage</td>
<td>• Contingent Business Interruption</td>
</tr>
<tr>
<td></td>
<td>• Strike/Riot/Civil Commotion</td>
<td>• Denial of Access</td>
</tr>
<tr>
<td></td>
<td>• Malicious Damage</td>
<td></td>
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<tr>
<td></td>
<td>• Insurrection/Revolution/Rebellion</td>
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<tr>
<td></td>
<td>• Mutiny/Coup d'Etat</td>
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<tr>
<td></td>
<td>• War/Civil War</td>
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</tbody>
</table>

### Definition of Act of Terrorism

*Act of Terrorism means an act, including *but not limited to* the use of force or violence by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for *political, religious, ideological* or similar purposes including the *intention to influence* any *government* and/or to *put the public*, or any *section of the public in fear* for such purposes.*
Political Violence Insurance

Clients

• Retail/Wholesale
• Hospitality – hotels/resorts/restaurants
• Property – commercial/residential
• Manufacturing
• Construction
• Tourism
• Petrochemical
• Mining
• Transportation
• Haulage
Regional risk factors

‘Arab Spring’ 2010 - 2011
- Tunisia
- Egypt
- Libya

Security threats 2012?
- Coups d’Etat: Mali (Mar) Guinea Bissau (Apr)
- Scheduled elections: Mali (May) Angola (Sep) Sierra Leone (Nov) Ghana (Dec)
- Civil unrest: Algeria Angola DRC Egypt
   Ethiopia Guinea (Conakry) Kenya Libya
   Malawi Mali Namibia Nigeria
   South Africa Senegal Somalia Sudan
   Syria Tunisia Zimbabwe

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Key considerations

Terrorism v Political Violence
• inadequacy of ‘stand-alone’ terrorism cover

Risk perception
• Client v Insurer

Regulatory
• International/Insurance v Domestic/Reinsurance

Broker’s role
• added value
# Political Violence Insurance

## Key Incidents: foreign targets

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Dahab, Egypt</td>
<td>Resort hotels/foreign tourists</td>
</tr>
<tr>
<td>2005</td>
<td>Sharm el-Sheikh, Egypt</td>
<td>Resort hotels/foreign tourists</td>
</tr>
<tr>
<td></td>
<td>Cairo, Egypt</td>
<td>Foreign tourists</td>
</tr>
<tr>
<td>2004</td>
<td>Taba/Nuweiba, Sinai Peninsula, Egypt</td>
<td>Resort hotels/foreign tourists</td>
</tr>
<tr>
<td>2003</td>
<td>Casablanca, Morocco</td>
<td>Various ‘Western and Jewish’ targets</td>
</tr>
<tr>
<td>2002</td>
<td>Mombasa, Kenya</td>
<td>Israeli owned hotel</td>
</tr>
<tr>
<td></td>
<td>Djerba Island, Tunisia</td>
<td>Synagogue</td>
</tr>
<tr>
<td>1998</td>
<td>Nairobi, Kenya</td>
<td>US embassy</td>
</tr>
<tr>
<td></td>
<td>Dar es Salaam, Tanzania</td>
<td>US embassy</td>
</tr>
<tr>
<td>1997</td>
<td>Luxor, Egypt</td>
<td>Foreign tourists</td>
</tr>
</tbody>
</table>
## Incidents of Political Violence: 2008 - 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidents</th>
</tr>
</thead>
</table>
| 2008 | Algeria (4)  
       | Eritrea (1)  
       | Ethiopia (2)  
       | Libya  
       | Mauritania  
       | Nigeria  
       | Somalia (4) |
| 2009 | Algeria  
       | Egypt  
       | Somalia (6) |
| 2010 | Algeria  
       | Egypt  
       | Namibia  
       | Nigeria  
       | Rwanda  
       | Uganda |
| 2011 | Algeria (2)  
       | Egypt  
       | Mali  
       | Morocco  
       | Nigeria (11)  
       | Somalia (3)  
       | Sudan (2)  
       | Syria |
| 2012 | Algeria  
       | Ethiopia (2)  
       | Kenya (4)  
       | Nigeria (9)  
       | Rwanda (2)  
       | Somalia (7)  
       | Syria (5) |
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The Terrorism and Political Violence team forms part of the Gallagher Credit and Political Risks division which comprises a well-established group of highly experienced market practitioners with professional colleagues in New York, Singapore, and Sydney.

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Thank you