

Client bulletin: G8 summit

The risk and insurance position

The G8 summit is taking place in Gleneagles, Scotland, 6-8 July. Many clients have raised concerns with us about the risk issues surrounding the event and the adequacy of insurance protection.

This document outlines some of the eventualities that could occur and provides a checklist of risk management actions you can take to help safeguard your people, property, information and products. It also outlines the insurance position.

This information is generic. For advice and assistance regarding your specific circumstances, please turn to back page for contact details.

What could happen?

A terrorist act. The collection of world leaders in Gleneagles and the associated press coverage could make the event a target for terrorists.

Riot or civil disturbance. The Scottish Police Service has stated that they are preparing for an increase in planned and spontaneous events and protests across Scotland. In particular, the 'Make Poverty History' march will take place in central Edinburgh on 2 July and a further march is planned for 3 July. There is a risk of property damage or injury to bystanders.

Disruptions and road closures. Towns across Scotland are likely to be busier than usual and some road closures/re-routing will be required. This could have a knock-on effect on businesses, both in terms of staff and customer access and the ability to distribute finished product or attend business meetings.

How can you protect your people, property, information and products?

The aim should be to ensure a secure environment for employees and tenants during working hours and to maintain the security of the building outside working hours. The following is a generic checklist of actions for you to consider.

- Liaise with your local police station. Follow the practical advice they give you.
- Find out if the march is passing nearby.
- Consider if your assets are likely to be targeted. (For example, because of your type of operation or business profile.)
- Is your building shared? Is the building likely to be a target because of other tenants?
- Do you have effective emergency procedures? Do you have crisis management plans/evacuation plans?
- What physical security measures do you have in place e.g. access control, walls, fences, locks. Are they serviceable?
- What technical security measures do you have in place e.g. alarms, CCTV. Are they serviceable?

For advice and assistance tailored to your specific circumstances, please contact Heyrick Bond Gunning at our sister company Kroll Worldwide.

Telephone: 020 7029 5344

E mail hbondgunning@krollworldwide.com

What is the insurance position?

1) Material damage

The key factor here is the cause of the damage, i.e. whether it is a result of a terrorist act, a riot, (each of which are legally defined, see below) or malicious damage.

Terrorism cover. This is excluded unless you have purchased specific cover from either Pool Re via your Material Damage insurer, or separately via a specialist terrorism insurance facility. Cover must be purchased on an annual basis.

Generally, all insurance markets define terrorism as below:

‘An Act of Terrorism means an act including the use of force or violence of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) committed for political religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes’.

However, some underwriters may exclude ‘religious or ideological purposes’ and you should check the specific wording of your policy.

Note: For a claim to be made to Pool Re, the UK government must declare there has been an Act of Terrorism as defined above. In the case of other insurance facilities, it will be the decision of the underwriter concerned.

Riot and civil commotion cover. This cover can be provided as a defined peril under a Material Damage insurance policy, or will automatically be included if cover is on an ‘All Risks’ basis. For a claim to be made, the relevant authorities must declare that a riot has taken place, as defined by legislation.

Malicious damage cover. If damage is caused but this has not been declared either an Act of Terrorism or Riot, businesses will need to have malicious damage cover in place in order to be adequately protected. This cover can be provided either as a defined peril in a material damage policy, or automatically under ‘All Risks’ cover.

2) Employers’ Liability

UK policies provide terrorism cover up to a £5m limit. Cover may be purchased above this amount if required, on an annual basis.

3) Public Liability

All policies vary. You need to check if cover is provided up to the policy limit, or whether it is excluded completely.

Note: In order to succeed with a claim under either Employers’ or Public Liability insurance, a claimant would need to prove not only an act of terrorism had taken place, but also that the insured had been negligent. The insurance market view is that, provided the insured has heeded any advice given by the police and also ensured a safe place of work, that it is likely they would not be liable.

A key point you should consider is the adequacy of the limit of indemnity if a large number of people were to be injured or killed in an incident.

4) Personal accident

You should check if terrorism is covered by your policy, as not all insurers provide this. Also some insurers exclude biological, chemical and nuclear related incidents.

Other matters to check are the sum insured limit in respect of terrorism, the adequacy of the limit ‘Any One Event’ and the ‘Operative Time’ of the policy. In respect of the latter, we suggest a ‘24-hour’ basis of cover will be required.

5) Marine

Terrorism cover is automatically provided under the ‘War and Strikes Clause’ in hull and cargo policies. Cargo continues to be covered until it reaches final destination. This is usually defined as the point when it reaches the customer’s premises or 60 days after discharge, whichever occurs first.

Support and information

For advice regarding your specific circumstances, please contact us:

Edinburgh – 0131 311 4200

Glasgow – 0141 304 4300

Aberdeen – 01224 577800

Dundee – 01382 318 900

General information on the Summit and its impact can be obtained from www.g8.gov.uk

Information regarding policing of the event can be obtained from: <http://www.tayside.police.uk/g8/>

City of Edinburgh Council has set up a G8 telephone hotline: 0131 200 2343.

