

360 LIVE DEBATE

GLOBAL BUSINESS: UNDER ATTACK?

LLOYD'S

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INTRODUCTION

Darragh Gray
Lloyd's

As the world's leading specialist insurance market, understanding risk lies at the heart of what we do at Lloyd's. In May 2007 we launched the second series of Lloyd's 360 Risk Project to explore the issues around global terrorism and political violence. Terrorism and political violence is one area where the Lloyd's market has long been a leader and an innovator. This approach continues today.

After 9/11 Lloyd's was willing to step up to the plate and provide terrorism coverage for US companies when none was available elsewhere. When violence erupted in Iraq Lloyd's was there to provide insurance for the journalists and security companies working there. So we were delighted to have a first-class panel of speakers to help us explore the issues at an event at Lloyd's recently. Over 200 business and insurance leaders joined us for a lively debate and afterwards we asked our speakers for their personal viewpoints on three important questions which emerged during the event.

So just how is the risk environment changing and do we understand the nature of the threat well enough? We asked the experts their views.

HOW IS TERRORISM RISK CHANGING?

With over 40 years' experience in international journalism, do you think the world is becoming a more dangerous place?

John Simpson
BBC World Affairs Editor

I do. I don't remember a time that has been more difficult for people like myself, for journalists. There is my colleague still held prisoner in Gaza, Alan Johnston; there are more dangers now in the kind of things that we do. I spend a lot of time in Baghdad, for instance, and that is now extremely dangerous. Afghanistan is becoming more dangerous, and I think it's not just for one or two people like me. I think that foreigners in strange and difficult places have a problem that they've never had before. It is very good for the people involved

in the security business, but for those of us who would like to travel freely and see things on a wide basis, it is a much more difficult world now.

Is the threat from Al Qaeda growing or shrinking right now?

Rohan Gunaratna
Author, *Inside Al Qaeda*

Al Qaeda presents an unprecedented threat. We have seen that Al Qaeda has been able to influence 30 to 40 different terrorist groups in Asia, Africa and the Middle East, and these groups are today behaving like Al Qaeda. They are ideologically and operationally driven by Al Qaeda, but more than that, the threat facing the United Kingdom, continental Europe, North America, is primarily from the home-grown terrorist groups. We are seeing that, due to the significant investment Al Qaeda has made in radicalising the migrant and the Diaspora communities, we are seeing a significant threat has emerged, and it is a recurrent threat. The pace of radicalisation is significant, and because of that we are seeing that it is having operational manifestation in the form of terrorism. So the threat of terrorism will continue for a very long time. It is a threat that we have to live with. Like we live with crime, we have to live with terrorism. That means we have to develop basic security measures to protect our businesses and to protect our cities.

Are we too obsessed with Al Qaeda and ignoring other threats?

Simon Sole
CEO, Exclusive Analysis

Yes. There is this whole question of whether the home-grown Suni extremists should be labelled Al Qaeda, but if you look particularly at the United States, there has been much more damage caused by Animal Liberation Front and ELF people than have been caused by Suni extremists, none in the last five years. For example, abortion clinics are now significantly more at risk as a result of a Supreme Court ruling. All of that has tangibly produced more damage to property, which would affect underwriters, than Suni extremism. But, of course,

Suni extremism does have the potential for a catastrophic attack, although in our view that capability has some way to go before it could re-emerge.

Just how concerned should we be about home-grown terrorism?

Sir Richard Mottram

Permanent Secretary, Intelligence Security & Resilience, Cabinet Office

I think we should be very concerned about the threat from home-grown terrorism. We have seen the July 7 bombings, we have seen two recent successful prosecutions of very large-scale plots, and this is a threat to all of us in the community, to us as individuals, to businesses, and we need to work together to tackle this threat.

WHAT LESSONS CAN WE LEARN FROM PAST EXPERIENCE?

While most measures of levels of global political violence are probably stable, however there is little doubt that we live in an age where terrorists seek to plan spectacular attacks which can have a severe impact on business. After 9/11 close to 200,000 jobs were destroyed or relocated outside New York City, and in addition to those who died then, almost 2000 have died in attacks on business elsewhere. So what lessons can we learn from past experience and how can we apply them in future? Two of our speakers agreed to share their thoughts.

Do you think 9/11 took us by surprise?

Sir Richard Dearlove

Former Head of MI6

It certainly changed the way the governments think about the terrorist problem. It was a defining event. What I mean by that is after the event things were conceived and done differently. Of course, the biggest change was the change in the prioritisation by Government and therefore counter-terrorism shot to the top of the list. Huge resources were made available to deploy against it.

Is another 7/7 inevitable in the UK?

Peter Clarke
Deputy Assistant Commissioner, Metropolitan Police

I am often asked if it is inevitable that there will be another attack like that which we suffered in July 2005. I think it is only safe to plan to assume that it is very likely that we will suffer further attacks. We know that since July 2005 we have stopped a number of attacks, some of them here in London, so it would be foolish not to plan for further attacks. But of course, what we must do is fight against complacency. We must make sure that, day in and day out, at the very forefront of our minds is the most important single factor in all of this, which is the safety of the public is absolutely paramount.

Do you think we will be better prepared next time?

Sir Richard Dearlove
Former Head of MI6

The truth of the matter is you can't change things overnight. You have to train, you have to prepare, you have to coordinate, you have to build international alliances, and the benefits for these things to come through can take a long time. They are coming through, but – it's a cliché – the security and intelligence services have to succeed or governments have to succeed every day to stop terrorism. The terrorist only has to get through the cordon once to make his point. We are successful in stopping a number of attacks but the threat is still high and the problems are still out there. Although we have had a certain amount of tactical success, we need to think carefully about what our strategic long-term plan is to get at the causes of terrorism, rather than dealing with the symptoms.

HOW CAN BUSINESS PROTECT ITSELF AGAINST TERRORISM RISK?

Our research reveals that most global companies are too reliant on international media and failing to get the specialist information they need on terrorism and political violence. It also

shows that nearly 40 per cent of companies either have no business continuity plan or one that does not cover these risks efficiently?

So how real are the risks for business and what practical steps can they take to prepare better? Our experts had some useful advice.

How much of a terrorist target is the business community?

Rohan Gunaratna
Author, *Inside Al Qaeda*

The business community faces a significant threat because we are seeing that the terrorist threat has shifted from hardened targets, i.e. political, diplomatic and military targets to soft targets, economic, commerce and business targets, as well as population centres. With this shift from hardened targets to soft targets, we are seeing that government must invest and governments must build partnerships with the private sector. That means we have to change our thinking of governments only focusing on protecting and preventing attacks against hardened targets towards investing in protecting the banks, the other financial institutions, the tourist sites and trade and commerce. If we are not going to do this, certainly those sectors, those critical sectors will become vulnerable and we will suffer from terrorism. This requires a sea-change in mindset, law enforcement, intelligence services as well as willingness and ability on the part of the private security professionals to work more closely with government security and intelligence services.

What steps should every business take to prepare against terrorism?

Simon Sole
CEO, Exclusive Analysis

Clearly businesses will want to have resilience and business continuity plans, and I think that the smaller businesses from the research that has been done are clearly less prepared than the larger ones. We would say this as an intelligence company, I suppose, but the key to us is to conduct those preparations on an intelligence-led basis. In other words, rather than run around and prepare for every eventuality, you have to make some choices as to which

eventuality you are prepared for. It seems to us to make sense to do some kind of intelligence based assessment in order to select the right activity.

The other thing I would say is that common to all of these attacks, even if the business itself was not attacked, is a disproportionate amount of time is expended finding out where people are, and I do think that is one single common activity that we can make a lot easier, just if you know everybody's journey to work, for example.

Most business leaders admit they don't understand home-grown terrorism well enough. What help can the Government give?

Sir Richard Mottram

Permanent Secretary, Intelligence Security & Resilience, Cabinet Office

The Government is very keen that business has the information it needs to respond properly to this threat, have the appropriate business continuity arrangements and so on. Businesses can get advice from two sources. They can get advice from the Cabinet Office on how to handle an emergency and there is website preparing for emergencies, and they can get advice from the Centre for the Protection of National Infrastructure on more detailed security aspects of how they can respond, and the Government wants to work with business on this agenda.

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