

## Terrorism (Protection of Premises) Bill – Committee Submission

### Introduction

1. The Association of British Insurers (ABI) welcomes the introduction of the Terrorism (Protection of Premises) Bill, also known as Martyn’s Law.
2. Introducing a legislative requirement for businesses to directly consider the risk of terrorism will improve terrorism awareness and preparedness of businesses in the event of a terrorist attack, which has the potential to improve the UK’s economic resilience to the impacts of terrorism.
3. We urge the passage of the Bill into law at the earliest opportunity and are encouraged that the new government is committed to bringing forward the legislation.
4. We stand ready to support the government to ensure the successful implementation of the legislation and to businesses to ensure they fully understand legislation and what is required of them.
5. The ABI would like to see the Bill go further with the government clearly communicating legislative requirements to reduce the potential for unintended consequences.
6. *We would welcome the opportunity for closer collaboration between the insurance industry and government to develop and distribute useful, free-to-access advice and tools to support the implementation of the legislation.*
7. Through developed clear and unambiguous legislation, businesses and UK economy will be safer and more resilient to the effects of terrorism.

### Impact of terrorism and the insurance industry

8. Terrorism is a peril with inherently high consequences, resulting in death or injury of innocent people. It can lead to significant property damage as well as significant economic impact due to business interruption and unexpected expenditure as businesses attempt to recover.
9. Based upon insurers experience of managing terrorism loss events, the economic cost of terrorism is exponential in nature with additional financial costs incurred during police investigation, clean-up, recovery, and recuperation periods, alongside losses incurred by uninsured businesses and potential loss of attraction to the local economy.
10. The insurance industry is already taking action to support the legislation. [Pool Reinsurance](#) (Pool Re) provides regular updates and training to insurers and brokers to inform them of the forthcoming legislative requirements and will continue to work with insurers to improve awareness. Their Martyn’s Law hub is available for the public to use.<sup>1</sup>
11. ProtectUK is a new online platform, developed by Pool Re, National Counter Terrorism Security Office (NaCTSO) and the Home Office, provides support to those seeking to enhance their protective security. It provides, trusted guidance, advice, learning and engagement with experts in security and counter terrorism and will serve as the ‘go to’ resource for free, 24/7 access to the latest information on Martyn’s Law and will be regularly updated.<sup>2</sup>

<sup>1</sup> <https://www.poolre.co.uk/martyns-law/>

<sup>2</sup> <https://www.protectuk.police.uk/>



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12. *The proposed legislation would allow the implementation of best-practice security guidance to be mandated, rather than recommended, acting as a mechanism to improve standards in business' awareness of, and preparedness for, acts of terrorism.*
13. With the legislation providing a measure for assurance, through compliance with the legislative requirements, insurers would be able to identify 'good risks' where a policyholder has implemented preparedness and protective security requirements. Insurers will then make a commercial decision on coverage offered based on how well a business is managing the risk.
14. The legislation will likely lead to an increased awareness and consideration of the UK terrorism threat which in turn is likely to drive an uptake in enquiries for terrorism insurance cover. Currently less than 10% of SMEs have terrorism insurance, leaving the majority at risk of significant losses in the event of an attack.<sup>3</sup>
15. *An increase in risk awareness and preparedness as well as an uptake in terrorism risk insurance, as a best practice risk mitigation step, has the potential to reduce the impacts of terrorism and ultimately improve the UK's economic resilience to terrorism.*
16. The opportunity for the insurance industry to promote and incentivise compliance is an excellent way of driving up standards on terrorism preparedness and risk mitigation.
17. We welcome the further clarification on risk management through the introduction and use of compliance notices, which will help to determine liability from an insurance perspective.
18. Insurers require clarity on how ownership of risk is allocated and applies to, which reflects in insurers policies.

## How the Bill could be strengthened further

### Costs of implementation for businesses

19. The Home Office estimates that expected costs for businesses of implementing the legislation's requirements will be c. £3,000 for Standard Tier premises and c. £52,000 for Enhanced Tier premises (over a 10-year period).<sup>4</sup>
20. While these costs may cause concern for some businesses, particularly for smaller businesses, we believe that such costs are proportionate and justifiable. The exponentially higher financial impacts of a terrorist attack upon a business far outweigh the estimated costs of preparedness and legislative compliance.
21. However, many businesses remain unaware of the advice or find the information found on ProtectUK difficult to understand. This could lead to difficulties in implementing or complying with the legislation. To ensure businesses do not incur additional or excessive costs, *the Government must provide clear, relevant, and accessible information, resources, and tools on implementing and complying with the legislation.*

### Senior individuals

22. *Insurers require high levels of clarity on the requirements of the law.* This is also applicable to ensure that policyholders understand what cover they have.
23. Where there is ambiguity on the requirements of the law or businesses are unable to easily demonstrate compliance, there may be unintended insurance consequences, such as withdrawal or reduction of cover, application of additional conditions / exclusions or changes in premiums.
24. To ensure these consequences are reduced/avoided, we would urge proper engagement with the insurance industry during the legislative process to ensure the requirements have been fully communicated.
25. The introduction of Senior Individuals could lead to an uptake in the purchase of Directors and

<sup>3</sup> <https://www.poolre.co.uk/who-we-are/>

<sup>4</sup> [https://assets.publishing.service.gov.uk/media/66e30684e47cfc6de429d612/TPOP\\_Signed\\_IA.pdf](https://assets.publishing.service.gov.uk/media/66e30684e47cfc6de429d612/TPOP_Signed_IA.pdf)



Officers (D&O) insurance. However, with the complexity of where responsibility lies, companies are likely to have to provide detailed evidence of their risk management ownership and due diligence.

26. As insurers rely upon principles of assurance to understand risk, we would recommend that the qualifications needed by Senior Individuals to undertake assessments within the Enhanced Tier are clearly stipulated in legislation or accompanying guidance.
27. This, combined with recognisable assessment standards and appropriate regulatory oversight, will ensure appropriate risk management levels are being achieved. While we acknowledge that details are still being developed, we would encourage such details to be shared with industry as soon as these are available.

### Aligning evaluation of measures to changes in National Terror Threat Level

28. The ABI recommends the *inclusion of a direct clause pertaining to re-evaluation of threat assessments for at least the Enhanced Tier, whenever the National Terror Threat Level, set by the Joint Terrorism Analysis Centre (JTAC), is adjusted.*
29. This recommendation was made by Sir John Saunders in the Manchester Arena Inquiry, whereby the venue's risk assessment was determined to not be proportionate to the established National Terror Threat Level.
30. Insurers will wish to determine how well risk management is being applied to a site.
31. Policyholders may be asked to demonstrate that they are proactive as well as reactive and should be able to evidence that their mitigation is aligned to the threat. If this is not able to be demonstrated, insurers will make commercial decisions on cover offered (e.g. premiums could rise or exclusions could be added to the policy).
32. Including this clause will ensure that better standards of terrorism preparedness could be achieved.

### Incorporation of counter-terrorism measures into planning, designing and construction of new buildings

33. There is an opportunity to include the requirement to implement counter-terrorism measures within the planning, designing and construction phases for new publicly accessible locations.
34. This approach already exists for the deterrence of crime through the police-led Secured by Design scheme.
35. Awareness and consideration of the threat, and implementation of protection measures during design, would provide for a far less costly approach rather than retrofitting physical security measures, when considering the whole-life cycle costs of a building for businesses.
36. New builds are already required to meet building regulations on a wide range of issues, such as environmental impact, fire and flood.
37. Insurers require businesses to demonstrate that they comply with these recognised standards.
38. An accredited scheme for terrorism mitigation in the design of buildings would likely be equally welcomed.

