



**TB 24**

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## **CHEMICAL, BIOLOGICAL, RADIOLOGICAL AND NUCLEAR (CBRN)**

### 1. Introduction.

- 1.1 The prospect of a terrorism attack, possibly using CBRN materials, has been the subject of increased publicity as the Government seeks to raise our awareness and resilience in the face of the threat.
- 1.2 As Loss Adjusters we clearly have a role to play and, following on from an initial approach from Pool RE, a considerable amount of work has been done over the last 12 months.
- 1.3 The CILA response has been co-ordinated by the Synergy Committee in conjunction with The President, Honorary Secretary, Executive Director and Education Director.
- 1.4 The various interested parties have included ABI, Pool RE and a variety of Government Departments including the Cabinet Office, HM Treasury, Office of the Deputy Prime Minister and Department of Health.
- 1.5 Outside of meetings involving all these parties and chaired by the CILA, separate discussions have taken place to progress the individual projects identified as key to the response of the general insurance industry to this threat.

### 2. Issues Relevant to CILA members.



- 2.1 These fall into 4 broad categories, which are expanded upon, in the following paragraphs.
- 2.2 Site Access
  - 2.2.1 Experience from previous non-CBRN incidents shows that access to scenes of extensive damage will be tightly controlled by the Authorities. This was evident following the Manchester bomb and more recently Boscastle.
  - 2.2.2 In the event of a CBRN attack the official cordon is likely to cover a large area, to which access will be restricted. The authorities will be reluctant to deal with large numbers of individuals representing insurers of the various properties within the cordon.
  - 2.2.3 It is also the case that following a CBRN attack access to site may be restricted due to the danger of contamination for the individuals concerned.
  - 2.2.4 In the event of an act of terrorism, overall responsibility for control of the scene rests with the relevant Local Authority and the Police. There are in excess of 50 such authorities, which renders it impractical to consult with each of them and put in place separate plans.
  - 2.2.5 It is also the case that human life takes precedence over property and quite rightly so. This is manifest in the various publications processed by the Government and from the information on their web site.
  - 2.2.6 Coupled with concern for human life, the site of a CBRN attack, or suspected attack, will constitute a scene of crime. Investigation of that scene will inevitably impact on early access and initial recovery measures.
  - 2.2.7 It is the responsibility of Government to determine whether there has been an act of terrorism. Such a decision may be delayed for a



variety of reasons but will have an impact on whether policy cover is engaged.

- 2.2.8 In the light of all the above factors we are delighted to announce that the Government has recognised the key roles that the insurance industry, and those who represent them, have to play in restoring normality as quickly as possible. As a result a protocol between the Association of British Insurers, the CIL A, the Local Government Association and the Association of Chief Police Officers has been drawn up. We have some minor amendments to propose and further discussion with the Local Government Association is anticipated. Nevertheless we already have formal recognition, (which no other insurance body or group except ABI has), of our role in the event of an act of terrorism.
  - 2.2.9 In the event of a CBRN occurrence, the CIL A would expect its members to liaise with the Institute to determine who should represent the CIL A in implementing the provision of the Protocol.
  - 2.2.10 We are also pleased to be able to confirm to CIL A members that, partly as a result of our work on this initiative, Pool Re have issued instructions to member insurers to the effect that they expect Chartered Loss Adjusters to be appointed to deal with all terrorism claims above £5,000. No other professional body or industry body has been nominated in this way.
- 2.3 Causation, identification of contaminants and decontamination.
- 2.3.1 The scene of any potential act of terrorism will be under the control of the Local Authority and the Police. Investigation of the circumstances and the materials involved will rest with these authorities assisted by Central Government agencies.
  - 2.3.2 Those same agencies will determine the priorities in the aftermath of an attack. Decontamination/emergency repairs are likely to be concentrated on vital infrastructure before attention is turned to commercial property.



- 2.3.3 Relevant Government agencies have identified contractors who are qualified to deal with circumstances such as are envisaged in a CBRN attack. Whilst limited in number, they are major commercial concerns. Moreover, Government representatives have observed the work of these contractors on incidents, particularly in the USA.
- 2.3.4 The limited number of contractors means that priorities, even after attention has been given to vital infrastructures, will be set by the Local Authority. We are advised, however, that the process of decontamination itself is not the most time consuming aspect. Prior to actual decontamination commencing, considerable attention will have to be given to ascertaining the agents involved, the extent of contamination, and the methodology for decontamination making this the limiting factor on the reinstatement process.
- 2.3.5 The CIL A has separately approached the British Damage Management Association. Their members are not qualified at present to respond to an attack of a CBRN nature.

## 2.4 Policy Considerations:

- 2.4.1 The meetings chaired by the CIL A identified the need for greater clarity over the extent of cover offered by Insurers and Pool RE, not just for commercial entities but also for individuals including members of the emergency services. This had led to the publication by the ABI of explanatory notes (Appendix 1). In addition, following discussion with Pool Re we have recently issued a Technical Bulletin confirming the cover they provide.
- 2.4.2 A separate group from within the Synergy Committee are in the course of discussion with the ABI over a variety of policy issues that we believe would be best addressed prior to, rather than in the aftermath of, a CBRN attack. The topics being considered are listed in Appendix 2. Any additional points that members believe should be addressed can be forwarded direct to Graham Burgess at [graham\\_burgess@gabrobins.co.uk](mailto:graham_burgess@gabrobins.co.uk)



## 2.5 Business Continuity Planning.

- 2.5.1 Pool Re has advised member insurers that they expect them to apply the same underwriting considerations for CBRN as for traditional perils. Thus policyholders should be reviewing their business continuity plans to incorporate a CBRN type incident.
- 2.5.2 It follows from 2.5.1 above that CIL A members and firms need to consider their own continuity plans in the light of the terrorism threat. In particular, a different office or back up facility may be required to handle claims when the incident itself impairs the operation of the local office which would ordinarily handle claims in that location.
- 2.5.3 The CIL A has its own business continuity plan which means that in the event of a CBRN incident affecting Peninsular House, an alternative site exists.
- 2.5.4 CIL A members may be asked to give guidance on Business Continuity Planning for individual policyholders. Government advice is currently that such plans do not need to address the different types of scenario (e.g chemical and biological). They suggest that the key issues that may need to be added to existing plans are:

- The distance that existing back-up facilities are located from site needs to be adequate to allow for a CBRN type attack.
- Additional provision may be required to extend the normal Indemnity Period and Business Interruption to allow for site access to be granted and decontamination to be effected.

In addition the CIL A believes that additional consideration needs to be given to:

- The impact of an attack on staff and their response thereto
- The likelihood that other businesses, particularly those in the supply chain, will be affected in a similar way



- The increased demand for alternative accommodation and facilities if a CBRN attack causes widespread damage

In this latter regard, the Government representatives have stressed that a terrorism incident may well affect a single building, e.g if it were targeted with a chemical or biological agent. Thus plans should not merely address a widespread attack.

Further information:

Decontamination of Buildings and Infrastructure exposed to CBRN substances:  
[http://www.odpm.gov.uk/stellent/groups/odpm\\_fire/documents/page/odpm\\_fire\\_029639\\_hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_fire/documents/page/odpm_fire_029639_hcsp)

Precautions to minimise effect of CBRN Event on Buildings and Infrastructure:  
[http://www.odpm.gov.uk/stellent/groups/odpm\\_fire/documents/page/odpm\\_fire\\_029042-05\\_hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_fire/documents/page/odpm_fire_029042-05_hcsp)

Business As usual:  
<http://www.ukresilience.info/contingencies/business/business.pdf>

Bombs: Protecting People and Property:  
<http://www.mi5.gov.uk/output/Page37.html>

The Business Continuity Institute  
<http://www.thebci.org/>



## APPENDIX 1

### INSURANCE COVERAGE IN THE EVENT OF ACTS OF TERRORISM

Household Property	<ul style="list-style-type: none"> <li>• Material (property) damage caused by <b>fire, explosion or impact</b> is covered by insurers automatically.</li> <li>• <b>Contamination</b>, whether by acts or terrorism or otherwise, are not covered by insurers in any way.</li> <li>• <b>Alternative accommodation</b> costs of up to 20% total sum insurers are covered <i>if</i> property damage is triggered.</li> <li>• <b>Blocks of flats</b>, if qualifying as commercial property, are covered under the Pool Re scheme <i>if</i> purchased as an add-on.</li> </ul>
Commercial Property	<ul style="list-style-type: none"> <li>• Damage to <b>commercial property</b> and consequential business interruption as a result of acts of terrorism is covered by the Pool Re scheme (<i>if</i> purchased as an addition).</li> <li>• The Pool Re scheme <i>includes</i> <b>contamination</b> clear up costs.</li> <li>• Material damage to <b>Nuclear Site</b> caused by non-terrorist events is covered by Nuclear Risk Insurers Ltd, including third party liabilities.</li> <li>• Material damage to a <b>Nuclear Site</b> caused by acts of terrorism is covered by the Pool Re Nuclear scheme.</li> </ul>
Employer's Liability	<ul style="list-style-type: none"> <li>• Employer's liability on <b>Nuclear Sites</b> is covered by Nuclear Risk Insurers Ltd. This is up to £140million for non-malicious incidents and up to £40million for malicious incidents (although this is rising).</li> <li>• Employer's liability would, in most cases, not be relevant to <b>acts of terrorism</b>, as it would require negligence on behalf of the employer.</li> <li>• <b>Emergency services</b>, local authorities and similar are likely to have unusual employer's liability insurance with an element of self-insurance.</li> <li>• <b>Public liability</b> is not compulsory and most standard policies have a terrorism exclusion – although cover can easily be “bought back” if a company wishes to do so.</li> </ul>
Life Insurance	<ul style="list-style-type: none"> <li>• <b>Most life insurance policies will cover</b> any eventuality of death. The only exclusion would be death while engaged in</li> </ul>



	<p>criminal activity.</p> <ul style="list-style-type: none"> <li>• Damage to life or health caused by a non-terrorist incident at a <b>Nuclear Site</b> would be covered by Nuclear Risk Insurers Ltd.</li> </ul>
Emergency Workers	<ul style="list-style-type: none"> <li>• ‘Emergency workers’ refers to <b>fire service, ambulance service and police</b> personnel.</li> <li>• Life insurance policy described above <b>includes members of the emergency services</b>, who would be covered if they were injured or died while responding to an incident (they may even have more cover – for example most life policies exclude HIV but if paramedics contract HIV while working the policy will cover this).</li> <li>• Emergency workers do <i>not</i> need to declare any <b>specialist training</b> that may be deployed <i>in response to terrorist attacks</i>. Additional training to deal with Chemical, Biological or Nuclear Incidents will have no bearing on their policy.</li> <li>• Specific <b>high-risk roles</b> such as helicopter ambulance paramedics or police divers should be declared and may attract slightly higher premium rates. This is related to the activity (flying a helicopter or diving) rather than their role as an emergency worker.</li> </ul>
Armed Forces	<ul style="list-style-type: none"> <li>• Members of the armed forces are encouraged to get <b>life insurance</b> as a long-term product.</li> <li>• All <b>policies that are currently in force</b> will continue in force in the event of the policyholder being deployed. There is not usually a “war exclusion” on life insurance for service personnel, although some health protection policies do carry exclusions (see below).</li> <li>• Those who are ‘<b>under orders</b>’ when they apply will <i>not</i> normally be able to get cover. It is essential that customers fill in their insurance forms honestly – otherwise, the policy may not respond.</li> </ul>
Personal Accident	<ul style="list-style-type: none"> <li>• Personal accident on a <b>Nuclear Site</b> that resulted in claims would be covered by insurers via Nuclear Risk Insurers Ltd.</li> <li>• Most PA policies contain a “war &amp; terrorism” <b>exclusion</b>.</li> <li>• Occupation is a key determinant of risk so <b>high-risk workers</b> may attract higher premium rates.</li> </ul>



	<ul style="list-style-type: none"> <li>Incidents of health-workers <b>cross-contaminated</b> by a patient would be judged on a case-by-case basis, to determine whether it is a direct or indirect result of the terrorist incident.</li> </ul>
Motor Insurance	<ul style="list-style-type: none"> <li><b>Full cover</b> will pay out if your car is damaged in a terrorist attack.</li> <li><b>In the event of your car being stolen and used in a terrorist attack:</b></li> <li><b>Third party cover</b> means the insurer would only be liable for the statutory liability – which is unlimited claims on bodily injury, and up to £250,000 on property damage (no liability for consequential business interruption).</li> <li>However, there is <b>conflicting legal advice</b> about whether the insurer would have to meet this liability – ABI’s legal advice suggests the insurer would <i>not</i> have to meet the claim, however the MIB (who cover uninsured driver’s claims) believe insurers <i>would</i> be liable.</li> </ul>
Travel insurance	<ul style="list-style-type: none"> <li>Cover is usually restricted to <b>medical expenses</b> and personal accident</li> <li>All other sections of cover usually <b>exclude claims caused by terrorism</b></li> <li>Some policies exclude all claims caused by terrorism although insurers did not invoke the exclusion for medical expenses and <b>personal accident claims</b> arising from recent terrorist events (9/11, Bali, Madrid etc.)</li> </ul>
Pensions	<ul style="list-style-type: none"> <li><b>Emergency workers</b> are public sector employees, and thus would be part of a public sector pension scheme. Our members do not deal with public sector pensions and thus we have no information on this.</li> </ul>
Creditor Insurance (loan payment protection insurances)	<ul style="list-style-type: none"> <li>Most policies contain a “war &amp; terrorism” exclusion. There is <b>no occupational underwriting</b> on these products so emergency workers are not prejudiced.</li> <li>This also means that the exclusion <i>does</i> apply to <b>emergency workers</b>.</li> <li>Incidents of health-workers <b>cross-contaminated</b> by a patient would be judged on a case-by-case basis, to determine whether it is a direct or indirect result of the terrorist incident.</li> </ul>



## APPENDIX 2

- 1. Pre incident and policy establishment - contingency planning.**
- 2. In the event of an incident.**

Pre incident and policy establishment - BCP

1. Business continuity plans need to be revisited. For many the alternative site is probably too close to the main site given the potential for radiological risks to spread. With many companies subscribing to warm standby sites there may be too many subscribers seeking to use the site at any one time given that the area of spread of contamination is far wider than would have been conventionally thought of in the event of an explosion and warm standby sights may thus be double or treble booked.
2. A radiological type issue probably means never going back to the original premises for 50-100 years potentially and this possibility needs to be considered in view of an appropriate indemnity period sufficient to establish the business in a completely different area, more of which later.
3. The basis of building and plant and machinery cover will be reinstatement and potentially on an alternative site but in all probability the Insured may need purchase an alternative site. Who pays for the alternative site? Can cover be provided to buy a land indemnity of some sought?
4. What are the terms of leases generally in the event that the building proves to be irreparable or irreparable within any normal time horizon? Typically the cessor of rent clause within the lease may give a maximum period of rent cessation of three years, but what about after that? Normally after the period of the cessor of rent clause has expired rent again becomes payable. This would place an onerous burden on the company that had to evacuate for the balance of the lease period which could be anything up to 20 years plus.
5. Consider the position of the property company who's whole future is secured on the rental stream generated by frequently many properties within the City of London for instance and whilst the rental stream of the property company may be guaranteed for say a three year period it will undoubtedly take longer to re-establish their property portfolio and they may need to think of much longer business interruption coverage.



6. The cost and time taken to decontaminate buildings machinery and stock can be considerable. Often there is enormous enhanced costs of even decontaminating so that demolition is possible. Even the demolition possible in these circumstances has to be undertaken a way that is completely different and far more expensive. There then arises the vastly increased cost of debris removal to an appropriate site, of which there are very few in the UK. It is conceivable that the vast majority of the building, plant, machinery and stock sums insured could be theoretically absorbed in simply decontaminating, making safe and disposing. Does cover need to be enhanced in this regard?

7. The business interruption maximum indemnity period needs to be looked at in the light of a potential radiological incident for how will the business cope with needing to purchase a new site, often reconstruct new premises on a site significantly remote from the area of loss and then ultimately deal with even the relocation of key staff?

8. Many businesses may see a solution by moving back office functions to say India or the USA. The minute data is moved outside the European Union data security is impaired and the Government may need the exercise of emergency provisions under the Data Protection Act in such circumstances.

9. There is the omnipresent problem of loss of attraction in the area effected. Realistically even if premises can be decontaminated there is likely to be a residual radioactivity level and an elevated risk of cancers for instance. In such circumstances, given that the losses do not then flow from damage to the insured premises what sort of cover needs to be available to cope with the loss of attraction.

10. The loss of attraction will also be a feature in the area outside that effected. We discussed the possibility of having say set a cordon of Tottenham Court Road, Marylebone Road, Brick Lane and the River but you may consider that visitors would be reluctant to stay in hotels in Park Lane and it is difficult to see how present cover could afford any indemnity to those businesses.

11. If the radiological attack were to happen on several base load electricity generating stations it could severely impair the ability of the UK as a whole to supply electricity to all consumers. It is highly likely that the supply authority would have to enter into some scheme of rationing and thought may need to be given to any possibility of cover being provided in this eventuality, it is usually excluded at present.

12. If the Insured have to take a new site and reconstruct their factory and offices elsewhere they will still have their existing premises which they cannot occupy because



of contamination for a very long period of time. If they cannot occupy it they will not be able to maintain it and it is highly likely that the fabric of the building will continue to deteriorate, such that the building becomes far more susceptible to 'storm' or other damage. With flying debris etc. how would the Insured ensure their residual occupy or owners liability risks for abandoned premises when they are unable to effectively maintain any provision for protective maintenance etc.

In the event of an incident

1. Access is considered extremely unlikely and it is considered more likely that a general view of damage will be taken remotely.
2. There are no decontamination contractors.
3. One cannot deal with premises individually - consider road, pavements, sewers, parks and other public spaces. Consider also the problem that if one were to decontaminate ones own premises including all air conditioning ducts, filters etc. the minute any attempt was made to occupy the building fresh contamination would be drawn in from adjacent premises and further more wind borne contamination would again settle on the roof and be ingested through the air handling units.
4. It is envisaged that access to documents and records e.g. deeds, securities, bonds etc. which still need to be physically produced and evidenced for day to day trading etc. may be very difficult indeed.