

ADVISER

MANAGING INCREASING TERROR RISK WITHIN THE SPORTS AND EVENTS INDUSTRY

Last year's terrorist attacks in Paris served as a reminder as to how easily sports and events can be a target for acts of terrorism. The Stade de France was the first venue to be targeted in these Paris attacks, while there were 79,000 spectators in the stadium watching the football game between France and Germany. Three suicide bombers triggered explosive belts causing four deaths, while later on the Bataclan concert venue became the target of an attack, resulting in 89 casualties.

Media reports at the time recorded that: "The first bomber was prevented from entering the stadium after a security guard patted him down and discovered the suicide vest, and a few seconds after being turned away he detonated his suicide vest, killing himself and a bystander. But the other two killed only themselves – one of the explosions was in a lonely dead-end street 500 metres away from anyone. At least one of the attackers tried to get in to the stadium despite not having a ticket but was turned away, said an official who spoke on condition of anonymity¹."

Had the suicide attacks taken place within the stadium, the number of casualties would likely have been higher.

The players from both teams remained in the stadium overnight and it was reported on German radio station NDR that the German team "slept in the stadium because it was too risky to go to the team hotel. There was a bomb warning the day before and they didn't feel safe in the hotel, so they decided to stay in the stadium with the French team."

In the aftermath of these incidents a number of sports fixtures in France were cancelled, including:

- Rugby union: All European Rugby Champions Cup and Challenge Cup matches.
- Football: Four Coupe de France matches, plus youth and women's games (no Ligue 1 matches were scheduled).

- Volleyball: Two Ligue A matches, four women's first division games.
- Handball: One Division One match.
- Taekwondo: Paris International Tournament.
- Ice skating: SU Grand Prix of Figure Skating in Bordeaux.

Subsequently, international football fixtures involving Germany and Belgium were also cancelled.

These horrific attacks and the subsequent impact on sports fixtures highlighted how important emergency response planning, crisis management, and risk mitigation measures to protect people and assets can be.

This *Risk Adviser* provides insights as to how the following risk solutions can assist sports and events organisations, including:

- Developing an insurance programme for terrorism risks.
- Ensuring the importance of corporate preparedness.
- Protecting the welfare of your employees.
- Venue emergency response planning.
- Event cancellation – protecting your revenues.

DEVELOPING AN INSURANCE PROGRAMME FOR TERRORISM RISKS

Terrorist and other mass violence attacks can threaten your people, operations, and assets. Many companies look to insurance — mainly property, terrorism, and political violence coverage — to help manage the financial impact of these risks, which can include property damage and business interruption (BI).

TERRORISM INSURANCE OR POLITICAL VIOLENCE COVERAGE?

Property terrorism insurance provides coverage for the physical damage and BI that can result from acts that are motivated by politics, religion, or ideology. Political violence insurance provides coverage related to war, civil war, rebellion, insurrection, coup d'état, and other civil disturbances.

Choosing which coverage — or combination of coverages — is best for your organisation can be tricky. The line between what is considered “terrorism” and what is considered “political violence” is often blurry. For example, should attacks by particular groups be classified as acts of terrorism, or another form of political violence?

To help determine the best insurance programme to manage these risks, here are a few things to think about:

- Ensure the limits of insurance that you buy provide enough protection for multiple loss scenarios.
- Review the location of your assets to determine the appropriate insurance solution.

Understand the policy terms, conditions, and limitations of terrorism and political violence insurance.

Work with your advisers to understand your property and employee exposures so you can make an informed decision or mitigate potential losses.

ADDRESSING THE RISKS

Along with insurance considerations, of course, you need to ensure the safety of your employees with integrated and well-practiced crisis and continuity plans in the event of a disaster. Events from terrorist attacks to natural catastrophes can cause significant BI losses.

Steps to take to manage BI risk include:

- Develop and test business continuity plans.
- Conduct scenario testing.
- Coordinate BI insurance with other coverages, including political violence and terrorism insurance.
- Be prepared to gather appropriate information in the event of a claim, including recording damage via photographs and video.
- Maintain separate accounting codes to identify all costs associated with the potential damage.
- Equipment failure.





THE IMPORTANCE OF CORPORATE PREPAREDNESS

Soon after word of the horrific terrorist attacks in Paris circulated, hundreds of global companies began a search for employees potentially in harm's way. As France began a nationwide state of emergency and much of Paris' business infrastructure closed, companies were contacting staff permanently in country, employees on temporary assignment, staff in transit, and even those known to be vacationing there.

As with other disasters, this type of attack is a harsh reminder of the ever-present threat of mass violence and the importance of developing, maintaining, and exercising corporate-level crisis management, emergency response, and business continuity plans.

Companies with such plans in place can better help employees through a crisis — be it a terrorist attack or a natural disaster:

- **Crisis management:** You will be well-served by an overall framework for management, response, and recovery. After an attack, organisations need to move quickly and efficiently to understand the potential impacts to people, property, and operations, and make policy/strategy decisions to address and manage those impacts.
- **Emergency response:** The tactical process designed to respond to physical incidents is critical if your company or employees are near the scene of the event. Life safety, event mitigation, and the protection of physical assets are all involved. You may need to evacuate and be able to fully account for all employees.
- **Humanitarian assistance:** The provision of support during and after an incident should include physical, social, emotional, and financial help, as needed. Making professional counselling and support services available is just one example of how you can support employees.
- **Business continuity:** Keeping the business running is, of course, a key concern once safety issues have been addressed. Plans should account for the management and logistical process for continuing, resuming, and/or recovering partially or completely interrupted critical business functions.
- **Information technology/disaster recovery:** In a tech-driven age, recovery should include detailed technical plans to ensure the availability of networks, applications, and data. Ensuring that technology is up and running efficiently may help support business continuity, including work-from-home and other strategies.

Nothing can prepare us for the human shock of events such as the Paris attacks. But integrated and well-practiced crisis and continuity plans can prepare you to meet a crisis and help those employees who may need it most.

PROTECTING THE WELFARE OF YOUR EMPLOYEES

Whether you're a governing body, federation, association, union, or club, protecting the welfare of your employees is of paramount importance. Given the global television audience professional sport receives, there is an intensified threat which can be managed by having a well-executed risk transfer strategy in place.

RISK SCENARIOS:

- What happens if there is a political or military event within the country the insured person is situated, which represents and imminent threat to their safety?

- What if the local government declares a state of emergency and formally instructs the insured person to leave the country for safety reasons?
- What if all scheduled international commercial flights are cancelled for longer than 24 hours following political or military action, which has a direct impact on the insured person's safety?

MARSH'S POLITICAL AND NATURAL DISASTER INSURANCE HAS BEEN DESIGNED TO ADDRESS THESE SCENARIOS

Outcome: An emergency response team will be assigned to act as your crisis management company, manned by experienced ex-army, navy, and police personnel.

The features and benefits of this insurance include:

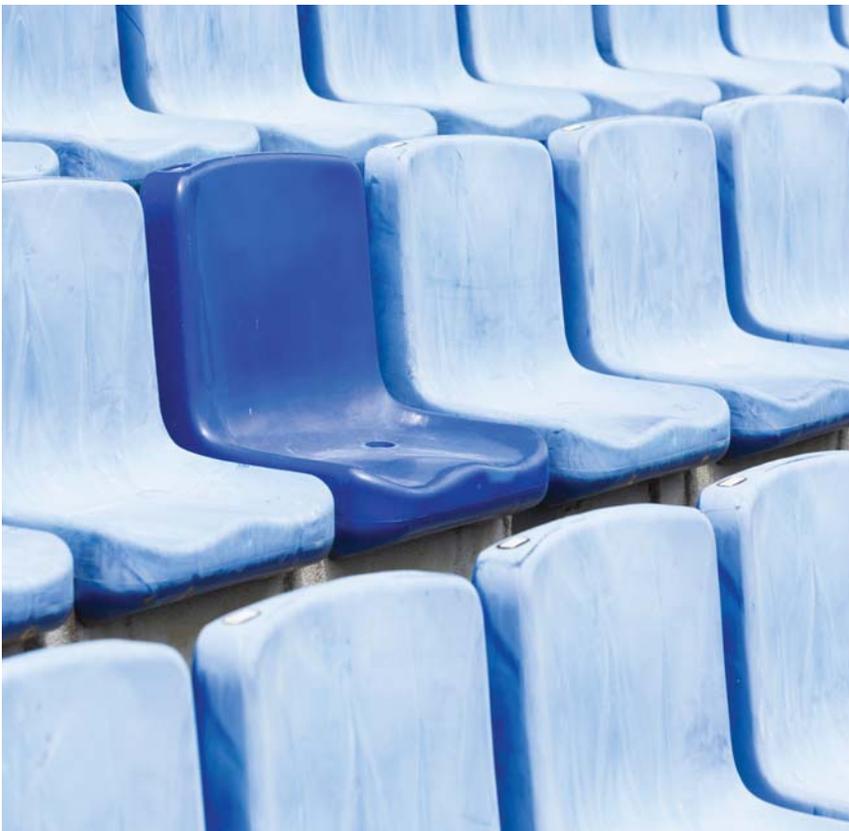
- Point of incident evacuation during a political or military event.
- Hibernation, whereby a security team secures your location and personnel until the situation dissipates.
- Insertion of a specialist team to shut down your facility/offices or recover documentation.

Political and natural disaster evacuation insurance has been designed to cover you for the costs incurred in evacuating the various employees you have chosen to insure, their partners and dependants, and, if applicable, any local national staff, as a result of a political or natural disaster.

The policy would pay for:

- The additional costs incurred in providing increased security at your current location or for the costs of relocating at a site chosen by our crisis management company, for up to 14 days after an insured event has occurred.
- The costs of transporting and accommodating additional personnel with the relevant skills to facilitate the evacuation and the breakdown of equipment following an insured event.

Coverage is purchased in addition to a standard personal accident and travel policy. No matter which country you are domiciled in, cover can be specifically tailored to your requirements.





VENUE EMERGENCY RESPONSE PLANNING

ARE YOU PREPARED?

It's 8:00p.m. when you get the call. A fire has occurred at your stadium. The facts are not clear, but there are casualties, damage seems significant, and the media is on your doorstep.

- Does your organisation have the adequate planning in place to deal with your next emergency, crisis, or BI?
- If an emergency struck at your stadium or arena, could all your spectators, staff, and vendors evacuate safely and quickly?
- Is your organisation ready to manage the incident, deal with the community, continue business, and recover from this crisis event?
- Beyond written plans, have your key personnel been provided with the adequate training to prepare them to respond and manage the situation effectively?
- When was the last time you reviewed and tested your existing emergency response plans?

Organisations need to be able to respond effectively and efficiently to natural, technological, or man-made disasters. Having a well-written emergency response plan in place means that those involved will know what their responsibilities are and what is expected of them during an emergency situation. It will also help to safeguard the health and safety of your venue staff and guests, minimise property damage and consequential BI, as well as assist in controlling insurance costs.

THE EMERGENCY PLANNING PROCESS

Emergencies can take several forms:

- Fire/explosion.
- Medical.
- Severe weather:
 - Lightning.
 - Flood.
 - Tornado.
- Earthquake.
- Utility failure.
- Equipment failure.
- Hazardous chemical release.

- Civil disturbance.
- Terrorism.
- Workplace violence.

Marsh works with your organisation to achieve the ultimate goal of life safety, incident stabilisation, and property preservation, and has developed a philosophy of preparedness that combines in emergency response, business continuity risk management, crisis management, communications, and security that transcends traditional planning.

Our specialists work as a team to deliver risk solutions that go beyond simply survival in a crisis event. Our approach is to develop solutions that can help organisations evaluate, plan, and enhance their ability to respond more effectively and efficiently to emergencies and recover quickly.

Our approach has five primary areas of focus, including:

- Preparedness evaluation.
- Vulnerability assessment.
- Response planning.
- Training.
- Exercising.

EVENT CANCELLATION – PROTECTING YOUR REVENUES

In the aftermath of the terrorist attacks in Paris, a number of sports events were cancelled. Some were rearranged and others never took place. In both cases, sports organisations are likely to have suffered either an increase in expenses related to re-scheduling the event or a loss of revenue that was attached to the sports event.

The sports and events contingency insurance market can provide insurance protection to sports organisations who may have revenue streams attached to sports events which would be impacted in the case of the event being cancelled or where additional expense would result as a result of the re-scheduling.

CONTACT

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¹ Keiligh Baker, 'How combination of solid security at the Stade de France and quick thinking helped save dozens of lives - and why police can't explain reason attack unfolded as it did,' in the Daily Mail, 15 November 2015, available at <http://www.dailymail.co.uk/news/article-3321531/Solid-security-Stade-France-helped-save-dozens-lives.html>, accessed on 11 August 2016.

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