

Terrorism Risk and Insurance

A LOOK AT THE INSURANCE INDUSTRY'S RESPONSE TO CHANGES IN TERRORISM

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Terrorism has evolved in a variety of ways. In the 1990s and early 2000s, most terrorism attacks that made the international news were perpetrated [by organized, recognized groups like Al Qaeda, Hezbollah, and so on](#). The 9/11 attack in the U.S. is an example of such terrorism. More recently, terrorist attacks have been carried out by lone attackers (or small groups of attackers), for example, the Boston Marathon bombing and the October 2014 attack on Parliament Hill in Ottawa). Such attacks are typically not organized or directed by a particular terrorism organization. Instead, they are often described as “inspired by” some terrorist group’s rhetoric or ideas. Often these terrorists are individuals who are self-radicalized, meaning these individuals were drawn to a known terrorist organization through the writings and videos released by known terrorist organizations.

The methods used by terrorists and the targets have also evolved. With 9/11 style attacks, terrorist organizations often chose high explosive attacks on high-value targets or symbols. As Aon points out, [armed attacks have overtaken bombings as the main terrorist tactic in Europe](#). From 2010-2015 the vast majority of attacks in Western countries were perpetrated by bombings. Since the beginning of 2015, however, 52% of attacks in western countries have been armed attacks, while 30% have been bombings. And, when bombs have been used (for example the March 22, 2016 attacks in Brussels at the airport and at a metro station), [they are often smaller bombs, making it harder to detect through purchasing of bomb-making materials](#). Another noteworthy phenomenon has been the increased use of concurrent attacks (like the March 2016 Brussels attacks), [sequential targeting, and mixing of suicide devices with active shooter attacks](#). In terms of targets, more recently, terrorists have targeted civilians rather than the state. According to Aon, terrorists “[appear to be placing an increasing emphasis on targeting societies rather than states, and aiming to inflict more casualties](#)” Indeed, “the venues of the worst attacks in 2015 were clusters of civilians: mass transportation, bars & restaurants, entertainment venues, hotels and tourist resorts.” The Risk Advisory Group, which has partnered with Aon in creating a Terrorism and Political Violence Map since 2007, reports that during the first three quarters of 2016 they recorded [502 attacks against public gatherings](#). The geographic reach of terrorism is also evolving. The Middle East is still the most active region for terrorism, [with 40% more attacks than the most active region of South Asia](#). But, according to Aon, though attacks have fallen in Western countries, 2015 was the most lethal year for terrorist violence in Europe in nearly a decade. Aon cites the Islamic State (IS) as the major driver behind the spread of instability far beyond the group’s territorial control in parts of Syria, Iraq, and Libya, noting that “the group or its followers have mounted mass-casualty attacks against the United States, France, Belgium and Russia over the past year.”