

2016 Terrorism & Political Violence Risk Map

Aon's guide to Terrorism & Political Violence risk



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Leaders' commentary

Evolving exposures prompt shift in strategy

The last 18 months have shown that of all the crisis perils, terrorism and political violence have evolved most rapidly, presenting a much broader spectrum of potential impacts that could affect our clients, their people and their operations than ever before.

Aon's close partnership with The Risk Advisory Group is now in its ninth year. Our Terrorism and Political Violence Map has been designed and continues to help companies understand where these risks are present, what is driving them and how they should approach managing these risks.

Our partnership allows us to bring analysis that provides real insight for insurance and mitigation strategies. The increasing use of mass-casualty attacks by terrorist groups underlines the value in considering both security delivery and insurance together, in order to coordinate prevention and response activities as well as investment in the appropriate coverage for the perils.

Aon's Crisis Management team seeks to make best use of the data that sits behind this map, in order to inform our broking strategy for clients as well as provide insight into appropriate mitigation for their risks. The aim is to reduce the potential impact of terrorism and political violence on our clients' people, assets and operations.

When considering how to develop a terrorism programme, factors such as the potential for extensive casualties from an event and the need for appropriate medical responses (including evacuation), for business interruption whether assets were damaged or not, for reputational damage should a response go badly all illustrate the need to understand how this type of exposure spans across a number of lines of insurance.

As always, where organisations have concerns or would like to validate their current terrorism strategy, we encourage them to connect with their broker to discuss how their cover will respond to recent trends in terrorism as highlighted by the map.

We hope you find this year's map and analysis of interest and of value.

Vlad Bobko
Head of Crisis Management
Aon Risk Solutions

Tony Day
Terrorism CBO
Aon Risk Solutions



Europe and its periphery: arcs of risk

The Aon Terrorism & Political Violence Risk Map 2016 captures the changing risks affecting countries and businesses. The map this year sees more countries in worse shape than improving for the first time in three years. This net increase in violent risks is slight but nevertheless symptomatic of wider patterns of instability.

Western countries remain the safest in the world. But terrorist violence in and against the West has become more lethal - 2015 was the deadliest year in terrorism in nearly a decade. Civilians, rather than the state, are increasingly the target of terrorist attacks in the West and against Westerners overseas. The venues of the worst attacks in 2015 were clusters of civilians: mass transportation, bars & restaurants, entertainment venues, hotels and tourist resorts.

The so-called Islamic State (IS) is why so many countries are under threat, not just in Europe but North Africa and the Middle East, where violent risks are roundly the highest. Under pressure in Iraq and Syria in 2015, IS entered a new phase of inciting and projecting threats beyond its immediate operating areas of control - Paris and Brussels were outcomes of this, but the threat extends across emerging markets.

Instability and insecurity emanating from conflict zones are central to global risks. Civil unrest patterns in Europe follow anxieties about terrorism and the migrant crisis, which themselves are consequences of crises in other regions captured in the map. This shows a virtually unbroken arc of high risk sweeping from Africa's west coast to South Asia.

Terrorism and civil disquiet loom large, but the most business-threatening risks are war and sudden changes in government. These are less manageable and less foreseeable. The risks from geopolitical rebalancing we flagged last year remain. And a generation of aging autocrats in Africa and other regions suggest a tide of change is imminent.

Such trends in a fluid landscape put businesses on the front line and carry significant impacts on commercial activity. This demands best practice in how businesses assess and mitigate risks, and plan for crises. The Risk Advisory Group is proud to be a longstanding partner with Aon in enabling global businesses to manage risks through innovative data and intelligence-led solutions.

Henry Wilkinson
Head of Intelligence & Analysis
The Risk Advisory Group



High-level themes

- Increased risks in Europe due to terrorism and unrest fallout from migrant crisis
- Attacks fall in Western countries, but 2015 was most lethal year for terrorist violence in Europe in nearly a decade
- Western countries least affected by terrorist violence, experiencing 1% of all recorded terrorist attacks worldwide
- Armed attacks overtake bombings as main terrorist tactic in Europe for first time
- Belgium country risk rating increased due to worst terrorism threat on mainland Europe
- Growing risk of coups in four key African states
- Kenya country risk rating reduced reflecting an improved security environment
- Tourism sector hit hard with attacks on hotels and resort, aviation and public spaces
- At least 471 casualties arising from attacks targeting tourists in emerging markets

The Aon Terrorism & Political Violence Map 2016 findings point to a more negative outlook for terrorism and political violence risks than we found in the 2015 map. This year, we raised 18 countries risk ratings and lowered 13. This marks the first net increase in global political violence and terrorism risk ratings in the map since 2013.

TPV score changes for 2016

Increased TPV score for 2016	Decreased TPV score for 2016
Angola	Belize
Belgium	Colombia
Bosnia and Herzegovina	Comoros
Burundi	Cote d'Ivoire
Guyana	Jamaica
Moldova	Kenya
Mongolia	Myanmar
Morocco	Norway
Nepal	Philippines
Ghana	Slovenia
Qatar	Serbia
South Africa	Thailand
Sweden	Timor Leste
Tunisia	
Turkmenistan	
Uzbekistan	
Zambia	
Zimbabwe	

The map captures assessments of the probability and impact of events occurring along the spectrum of insurable terrorism political violence risk typologies. The country risk scores and identified perils are based upon analysis of proprietary empirical data from the preceding year, as well as open source intelligence analysis of the intentions and capabilities of relevant actors, and of more systemic prevailing trends affecting security and stability around the world.

Global terrorism

A net growth in violent risks is an expression of wider instability. Since this map's inception, it is unprecedented that a singular organisation or movement – so-called Islamic State (IS) – has been a major driver behind so many country risk ratings. Under pressure in Iraq and Syria in 2015, IS entered a new phase of inciting and projecting threats beyond its immediate operating areas.

The global threat posed by IS dominated many of the findings of the map this year. Its activities contributed to risk levels being sustained or increased in more than a dozen countries. The terrorist organisation maintains territorial control in parts of Syria, Iraq and Libya and groups that have sworn allegiance to it are highly active in Nigeria, Egypt, Afghanistan and Yemen. Beyond these countries, the group or its followers have mounted mass-casualty attacks against the United States, France, Belgium and Russia over the past year.

In 2015 and early 2016, IS entered a more aggressive phase, mounting mass-casualty attacks outside of areas it controls: Tunisia, Turkey, France, Lebanon, Russia and Belgium bore the brunt. Al-Qaeda linked groups also targeted international interests, including attacks on hotels in West Africa, the attack on the Charlie Hebdo office in Paris, and the bombing of an airliner in Somalia among others.

A quarter of all the country rating increases were in Europe, which experienced its most lethal year for terrorist violence in nearly a decade, even though the West as a region has remained the least affected by terrorism in terms of number of attacks. The rating increases reflect growing terrorism threats from Islamist and far-right actors, as well as civil unrest risks stemming from the European migrant crisis and the increasing influence of extremist political parties.

Terrorism trends affecting Western countries

There have been two pronounced trends in terrorism affecting both Western countries and their interests overseas, according to data from The Risk Advisory Group and Aon in TerrorismTracker. Shootings have become more common than bombings, and terrorists targeted civilians in public spaces more often than against their more traditionally established targets, such as security forces, military, government and diplomatic interests.

For the first time since Risk Advisory and Aon began collecting data in 2007, shootings have overtaken bombings as the most common terrorist tactic in the West. Since the start of 2015, 52% of attacks in Western countries have been armed attacks, compared with 34% being bombings. By contrast, between 2010 and 2015, bomb attacks made up the vast majority of attacks in Western countries at 58%, compared with only 30% armed attacks. Terrorists also appear to be placing an increasing emphasis on targeting societies rather than states, and aiming to inflict more casualties in sustained and spectacular episodes of violence using firearms.

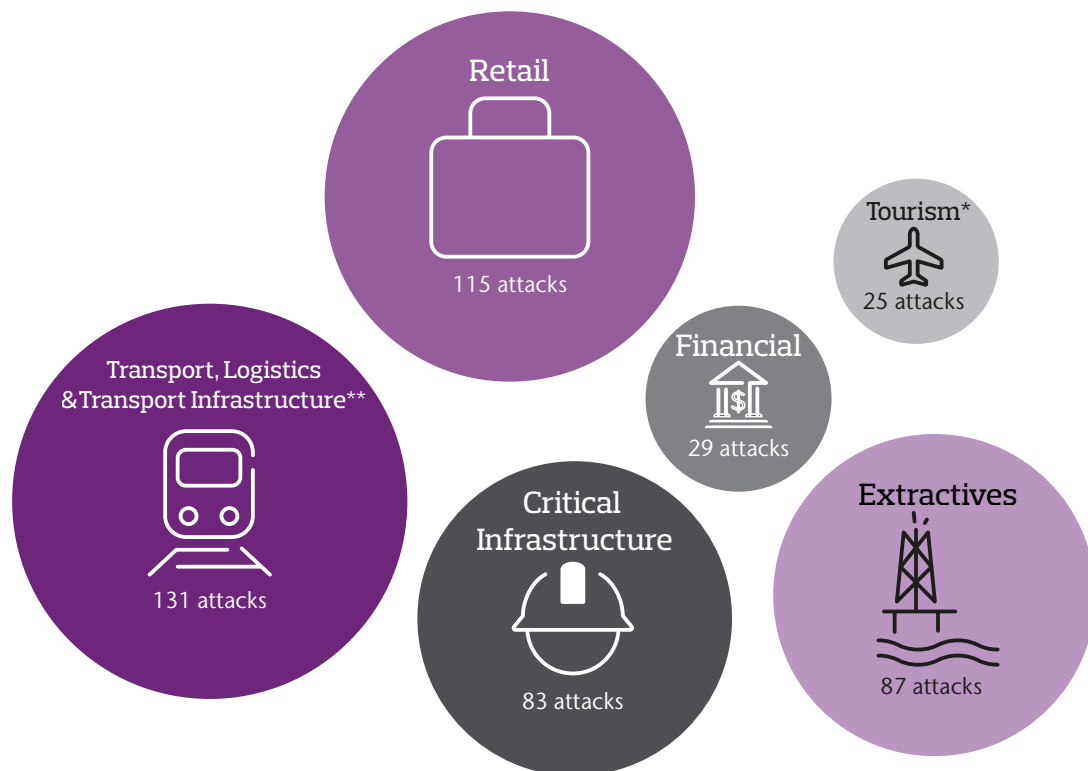
Terrorists' preferred use of firearms for mass killings featured in the highest profile attacks against Westerners or in Western countries. In 2015, these included the Charlie Hebdo attack in Paris in January, the IS-claimed attacks in Paris in November, the attack by IS sympathisers in San Bernardino, California, in December 2015, and two IS-claimed attacks in Tunisia against tourists at a museum in Tunis in March 2015 and a resort in Sousse in June 2015.

The trend of recurring marauding armed attacks is one we have tracked since 2008. The adoption of this methodology is not limited to any singular group, and its recurrent use outside of conflict zones in some of the highest profile attacks suggests that its perceived success is leading to tactical emulation. This change carries significant implications for businesses that feel that they might be exposed to such risks, and consequently seek to put in place appropriate mitigation strategies.

Terrorism and its impact on business

Since January 2015, 31% of all attacks in Western countries have targeted private citizens and public gatherings, making this the most targeted general sector in our database in the past year. This marks a significant change from 2010-2014, when attacks against private citizens and public gatherings made up just 25% of recorded incidents, second to attacks on police, military and government, which totalled 43% of attacks. This means that terrorism re-emerged as a significant business risk over the past year, with major high-profile international attacks targeting tourism related sectors (hotels, resort, airports and civil aviation) and crowded public spaces (including retail and sports venues).

Top six targeted business sectors in 2015



*primarily hotels and resorts, and civil aviation

** transport comprises mass-transposition, aviation, logistics and transport infrastructure

The most targeted business sectors by terrorists in 2015 were, in descending order: transport, retail, extractives, critical infrastructure and the financial sector. Tourism as an economic rather than business sector (measured primarily by attacks specifically targeting tourists) was subject to several high-profile and lethal attacks resulting in 471 casualties, more than double the preceding year. Our dataset does not capture tourism as a business sector, but civil aviation as well as hotel and resorts proved to be a priority target for terrorist groups active in Sub-Saharan Africa and North Africa especially.

Beyond the West

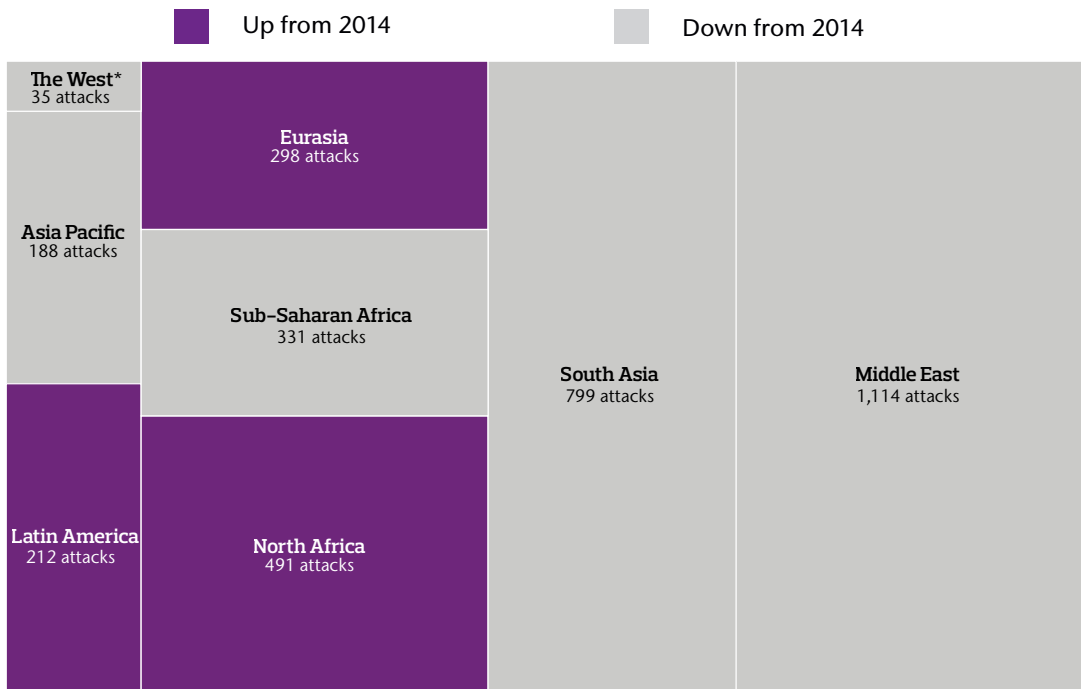
Another critical trend in our findings is that instability and insecurity on Europe’s southern periphery is having a tangible effect on terrorism and political risks within Europe. There is little evidence in our data that the European refugee and migrant crisis is a cause of Islamist terrorism, but rather a consequence of it in weakened states where terrorism and political violence are at very high levels.

These threats in Europe are impossible to divorce from chronic insecurity and instability on Europe’s periphery and beyond. Civil unrest patterns in Europe follow anxieties about the terrorist threat and the migrant crisis, which themselves are consequence of crises in other regions captured in the map. This shows a virtually unbroken arc of high risk sweeping from Africa’s west coast to South Asia.

The Middle East was by far the most active region for terrorism in the past year, due mainly to ongoing conflicts, lack of state control and political instability, with 40% more attacks (1,114) than the next most active region of South Asia (799). North Africa was the third most affected region (491).

The largest number of attacks we recorded in the Middle East was in Iraq, which had almost three times as many attacks as the next most afflicted country (Afghanistan). However, we recorded fewer attacks in the Middle East than in 2014, largely due to a lack of reliable open-source reporting from the conflict zones in Syria, as well as a blurring of definitions of incidents of terrorism and those classified as irregular warfare and armed conflict or war crimes.

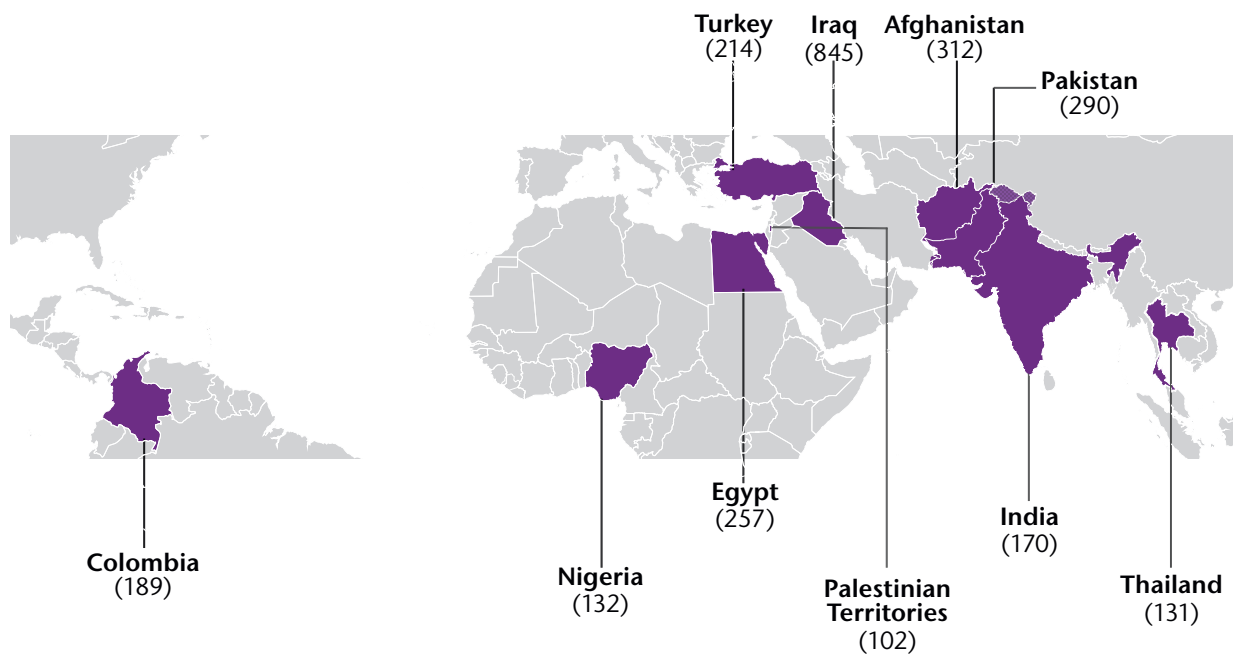
Most active regions for terrorist attacks in 2015



* The West is inclusive of Western Europe and North America

Syria and Libya as conflict zones and failed states are extreme risk zones where terrorist organisations feed a cycle of instability and insecurity that has pushed up or sustained higher risk in abutting countries and across their wider regions. Tunisia, Algeria, Egypt, Morocco, Lebanon, Jordan and Turkey are all countries that have attained or sustained higher risk ratings for this reason. It is worth noting that we reduced the rating for Kenya due to a declining incidence of civil unrest as well as of terrorist violence by domestic extremists and Al-Shabaab.

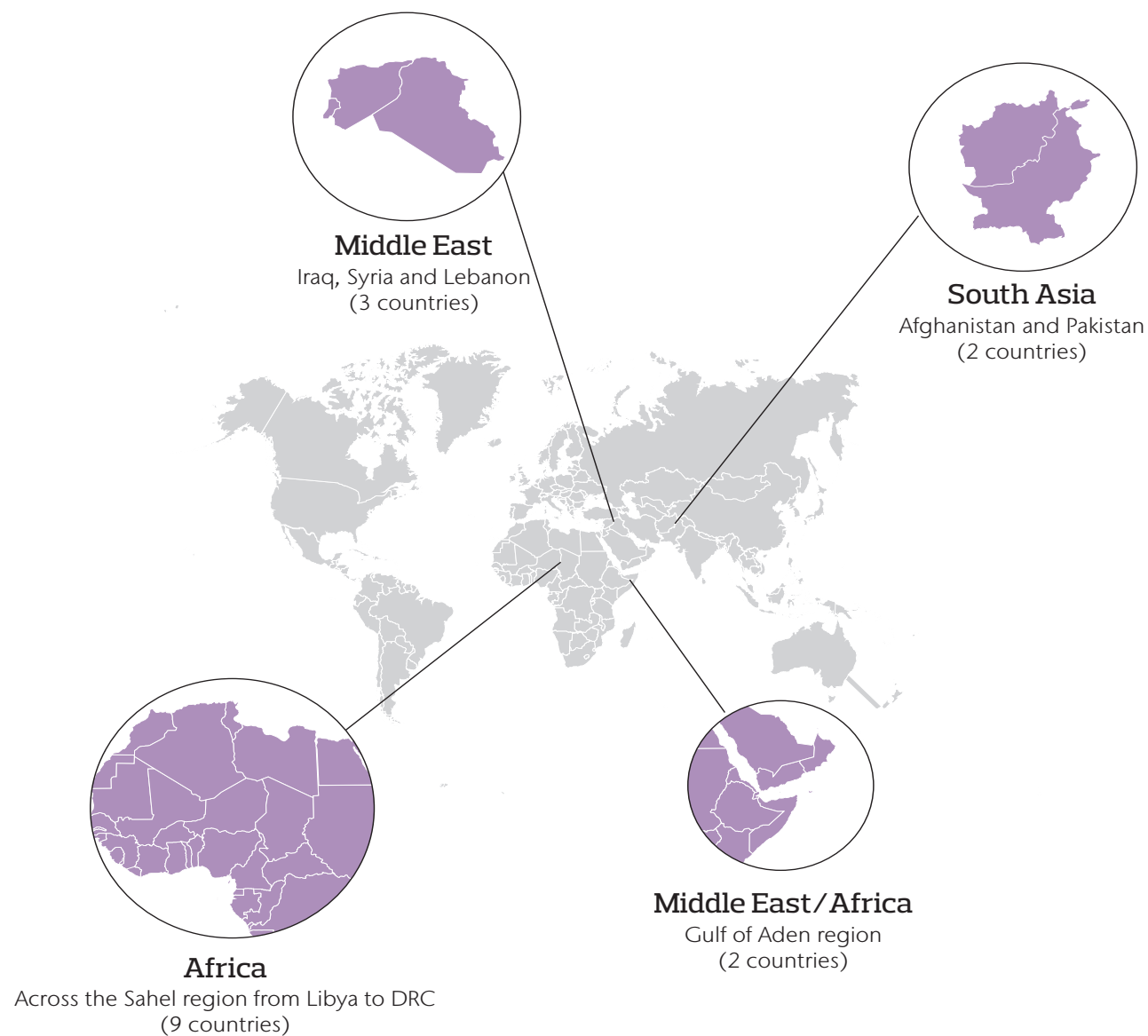
Most active countries for terrorist attacks in 2015



“A net growth in violent risks is an expression of wider instability. It is unprecedented that a singular organisation or movement – so-called Islamic State – is a major driver behind so many country risk ratings being increased since this map has existed.”

Henry Wilkinson, TheRisk Advisory Group

Clusters of severe risk countries



High-level political changes and geopolitics

The risk of high-level political change through coups, insurrection or war has been attached to 12 more countries this year, bringing the total number of countries at risk to this type of business critical peril to 68. This year, the majority of these additions are due to the risk of coups or other forms of extra-constitutional power seizure. Driving this trend are uncertainties around succession in undemocratic or illiberal states due to aging leaders and the presence of factionalised elites.

Sudden and potentially violent political change at the top as well as war are arguably more business-critical risks than either terrorism or civil unrest as they can have much wider political risk ramifications. We have added specific risk markers arising from increased risks of coup and insurrection on the map to Angola, Equatorial Guinea, Guinea, Guyana, Kazakhstan, Liberia, Maldives, Moldova, Saudi Arabia, Uzbekistan, Zambia and Zimbabwe.

Sub-Saharan Africa saw the most increases in political violence risks, with six countries having their rating raised – these being Angola, Burundi, Ghana, South Africa, Zambia and Zimbabwe. This was primarily due to the risks of political instability and the potential for coups and civil unrest. Sub-Saharan Africa remains the region with the largest concentration of high to severe risk rated countries (six at severe, and 10 at high).

War risks arising partly from a more unstable international system also feature, although did not account for any specific risk ratings changes this years. Many countries that had rating increases or peril additions over the risk of interstate or civil conflict last year remain unchanged. These include Russia, Turkey, Armenia, Azerbaijan, Iraq, Iran, Syria, Saudi Arabia, Japan, North Korea, South Korea, China, Vietnam, Philippines, India, Afghanistan, Pakistan, Somalia, Central African Republic, Mali, Nigeria, Congo, Burundi, South Sudan, Sudan, Chad, Niger, Egypt, Israel, Lebanon and the Palestinian Territories.

◆ "Sub-Saharan Africa remains the region with the largest concentration of high to severe risk rated countries (six at severe, and ten at high)"

Total peril changes from 2015 to 2016

Terrorism and Sabotage (TS) Perils

Perils added		Perils removed	
Brazil		Democratic Republic of Congo	
El Salvador		Madagascar	
Eritrea		Nepal	
Qatar		Nicaragua	
Sweden		Norway	
Cote D'Ivoire		Uganda	

Riots, Strikes, Civil Commotion and Malicious Damage (RSCCMD) Perils

Perils added		Perils removed	
Djibouti		Belize	Kenya
Malaysia		Equatorial Guinea	Mozambique
Mauritania		Estonia	Slovenia
Mongolia		Gambia	Swaziland
Panama		Jamaica	Tanzania
South Korea		Kazakhstan	

Insurrection, Revolution, Rebellion, Mutiny, Coup, War (IRRMWCW) Perils

Perils added		Perils removed	
Angola	Maldives	Bahrain	Oman
Equatorial Guinea	Moldova	Belarus	Thailand
Guinea	Saudi Arabia	Colombia	Togo
Guiana	Uzbekistan	Cote D'Ivoire	
Kazakhstan	Zambia	Mauritania	
Liberia	Zimbabwe	Nepal	

Risk transfer considerations


In the face of the continuously evolving terrorism threat, organisations should consider what additional lines of insurance, some of which they may already purchase, can be brought together to create a comprehensive terrorism programme.

While property damage and business interruption cover will remain a cornerstone for a terrorism programme, companies may wish to consider coverage for terrorism liability, for both employers and third parties, if they operate in areas that are likely to be targeted or have heightened obligations towards providing secure environments for employees. Also cover for threats that impact operations (actual or assumed), non-damage & contingent business interruption, as well as event cancellation may form part of an organisation's terrorism programme.

Firms may also find kidnap and ransom (K&R) coverage a strong fit in the face of the rising terrorism threat. K&R policies typically include response consultancy support, evacuation, advice on media relations, victim and police liaison, post-event counselling and security surveys to identify security enhancements following an insured event (such as hostage taking). Considering terrorism groups' focus on mass-casualty attacks, firms may also want to consider death in-service benefits planning, as well as personal accident and business travel accident coverage for travelling employees who may be affected by international terrorism events.

Finally, there is growing concern around the cyber threat posed by terrorists, with cyber coverage being particularly relevant to companies with significant automated or remotely controlled industrial systems that may be vulnerable to non-damage interruption from an attack.

The spectrum of potential impacts that fall out from an attack is now broader than ever before, presenting increasing challenges for risk managers attempting to stay ahead of the threat. A more articulate approach to both insurance and mitigation should be considered to minimise the impact to people, operations and assets.



▶ “The spectrum of potential impacts that fall out from an attack is now broader than ever before, presenting increasing challenges for risk managers attempting to stay ahead of the threat.”

Egypt



TPV Risk Rating: High (no change from 2015)

Key Belligerents: Militant Islamist groups such as Islamic State (IS), and anti-establishment terrorist groups such as Popular Resistance Movements of Giza, Revolutionary Punishment.

Terrorism Casualties in 2015: 1,143

Comparable Security Environments: India, Turkey



Recent terrorism incidents and threats

08.01.2016 Unidentified attackers stabbed three tourists in Bella Vista Hotel, Hurghada

07.01.2016 IS Egypt Province claimed responsibility for a shooting outside Barcelo Three Pyramids Hotel in Giza. There were no casualties, but there was damage to the hotel.

31.10.2015 A bombing brought down a Metrojet commercial aircraft minutes after it left Sharm El Sheikh Airport. IS Sinai Province claimed the attack.

24.07.2015 Unidentified men abducted a Croatian national from a car he was travelling in southwest of 6 October City, Giza. IS Sinai posted to social media a photo of his beheaded body on 12 August.

16.07.2015 IS Sinai claimed a 'guided rocket' attack against a frigate off the coast on Rafah in North Sinai.



The threat environment

The main political violence risks in Egypt are terrorism, coup, and anti-government and hardship unrest. There is a high threat of terrorism countrywide. According to TerrorismTracker data, the number of attacks increased by 82% between 2014 and 2015. The frequency of attacks targeting foreign business and tourist interests in Egypt also increased substantially during this time period. There were 22 attacks reported against foreign and consumer brands in 2015, compared with none in 2014. There were also five attacks targeting the tourism sector last year.

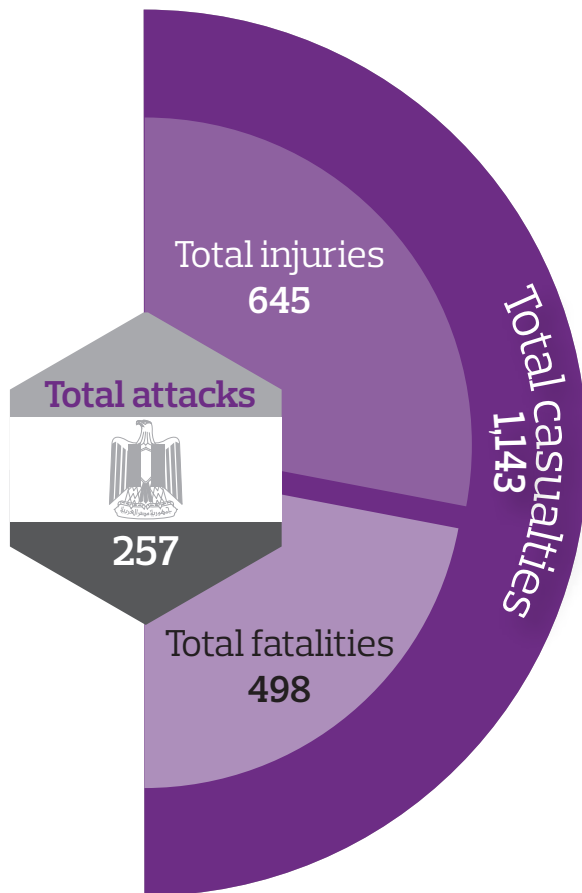
As has been the case since 2012, the vast majority of terrorist attacks have occurred in North Sinai, where there is an ongoing jihadist insurgency. According to TerrorismTracker data, the number of attacks in the area more than doubled between 2014 and 2015; from 42 to 100. But terrorists are conducting attacks more frequently in mainland Egypt, particularly in and around Cairo. There is a range of militant groups active in the mainland, making the threat environment complex.

IS Sinai province operates in North Sinai, but it has a group that is active around Cairo. There are also anti-establishment salafist and leftist groups in the area that have carried out more attacks than Islamic State groups on mainland Egypt in 2015. They were behind more than a dozen attacks in Giza last year, mainly around Al-Haram Street. These were mainly shootings and bombings against police officers and petrol bomb attacks against retail and bank branch offices. Giza appears to be the most dangerous governorate on the mainland due to the terrorism threat. Around a quarter of all attacks in Egypt this year have occurred in this governorate.

Egypt is more politically stable than it was in 2013 and 2014. President Sisi has suppressed the mass unrest that occurred after he seized power in a coup in July 2013. He has also legislated to outlaw most forms of political dissent. The parliament supports him. But unlike President Mubarak, Sisi does not retain the loyalty of other strong institutions or have the political influence through a single governing party. There is a risk of political instability in the longer term (see future outlook).

Although hardship protests have been less frequent in the last 12 months than in 2012-2013, there is a continued risk of demonstrations against high prices of consumer goods in cities across Egypt. Protests intensified in the year after Sisi seized power in a coup in July 2013. But there is limited data available about demonstrations over the past year. This is probably due to increased restrictions on press freedom in the country. Hardship protests and strikes in outlying areas of cities are probably underreported.

Attacks in Egypt during 2015





"Whoever downed the Russian plane, what did they want? They wanted to hit tourism, and to hit relations with Russia"

President Abdel Fatah Al Sisi's speech cited in international media, 24 February 2016



Insurer reactions*

With the high threat of terrorism, markets are very selective based on risk factors such as occupation and location. There are particular challenges with retail, hospitality & leisure and energy risks in the Western Desert and Sinai regions. Depending on occupancy, underwriters have more flexibility and are prepared to offer very modest premium reductions in less distressed regions such as Alexandria.



Future outlook

The terrorism threat is unlikely to improve in 2016. Islamist militants are intensifying their insurgency in North Sinai, reportedly with the help of Gaza-based militant group Hamas. The government has intensified its raids against suspected terrorist hideouts on mainland Egypt. But there is still a high threat of terrorism to foreigners and security forces, especially in Cairo and Giza. Further attacks are likely in areas frequented by tourists, including in and around Cairo, Upper Egypt, and the Red Sea resorts.

If President Sisi fails to improve the economic situation, there is a risk that the military will try to overthrow him in a coup in the coming years. The government has been dealing with a worsening economic situation since 2011, including a depreciating currency on the black market and dwindling foreign currency reserves. The central bank has kept the value of the Egyptian pound artificially high for several years. But the black market rate is already decreasing the purchasing power of Egyptians and increasing the likelihood of hardship protests.

In March, the central bank devalued the currency by 13% in an effort to boost exports and improve foreign investor confidence in the economy. Although the measure aims to improve economic growth, in the short term, average Egyptians are unlikely to benefit. The Egyptian pound has long depreciated on the black market, driving up the cost of basic goods. This means hardship protests will probably occur in the poor suburbs of cities, including Cairo.

**Note: all insurer reactions are correct at the time of publishing*

▶ “There is a high threat of terrorism countrywide. According to TerrorismTracker data, the number of attacks increased by **82%** between 2014 and 2015”



France

TPV Risk Rating: Medium (no change from 2015)

Key Belligerents: Militant Islamist groups such as Islamic State (IS) and Al-Qaeda, and Islamist sympathisers.

Terrorism Casualties in 2015: 144 killed, 407 injured

Comparable Security Environments: Belgium and Greece



Recent terrorism incidents and threats

13.11.2015 Paris - Coordinated suicide and gun attacks at the Stade de France, various bars and restaurants, and the Bataclan concert venue by nine Islamic State (IS) militants killed 130 people and wounded 368 others.

26.06.2015 Saint-Quentin-Fallavier, Rhone-Alpes - A man reportedly inspired by IS beheaded his employer and wounded two others by causing a gas explosion at a factory.

09.01.2015 Paris - A gunman killed four people and wounded nine others inside a Jewish supermarket. Police killed the attacker, who had pledged allegiance to IS prior to the attack.

07.01.2015 Paris - Al-Qaeda in the Arabian Peninsula claimed responsibility for a gun attack against the offices of satirical magazine, Charlie Hebdo, which killed 12 people and wounded 11 others. Police killed the two assailants in a shootout two days after the attack.



The threat environment

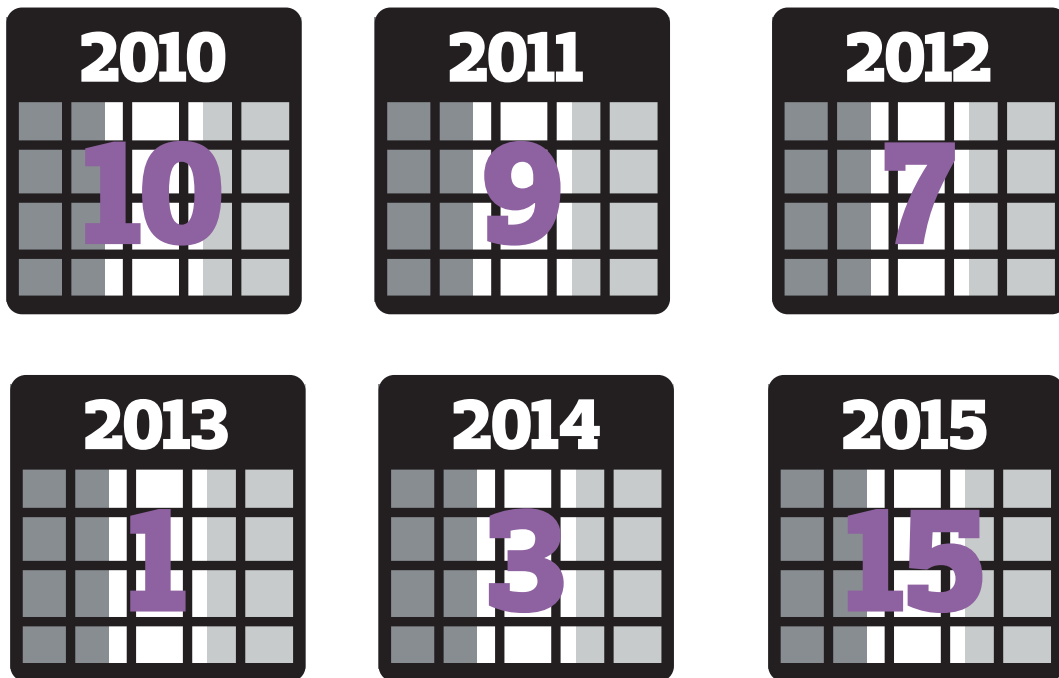
The overall risk rating for France remains at medium in 2016. There is a minimal risk of armed conflict or regime instability in the country. However, the threat of terrorism has risen. There were two major terrorist attacks in Paris linked to Islamic State (IS) and Al-Qaeda in 2015. IS claimed responsibility for a suicide and gun attack in November that killed 130 people. French police subsequently arrested over 370 suspected extremists, and in January 2016, French President Francois Hollande warned that the terrorism threat remains 'at its highest level'.

In February, France voted to extend its state of emergency until at least May 2016. This has been in place since the 13 November IS-claimed attacks in Paris. Under the state of emergency, the French authorities have conducted more than 3,300 searches countrywide, and have taken more than 300 people into custody. The French interior minister said that the searches 'have been able to disrupt the organisation of the networks which arm and finance terrorism, in particular with regards to the trafficking of arms and drugs'.

According to TerrorismTracker data, there were at least 13 terrorist attacks and foiled plots in France in 2015, which is more than in the three previous years combined. There are multiple reasons why the threat has risen in France, including its role in the US-led coalition against IS, and the high number of French citizens currently fighting alongside militant groups in Iraq and Syria. Risk Advisory estimates that 1,229 French citizens have travelled to fight alongside militant groups in Iraq and Syria. The porous borders within the European Union, also contribute to the increased terrorist threat.

In addition to the threat of terrorism, strikes and protests are also still common in France. Despite limitations on public gatherings under the state of emergency, anti-government and union-led strikes occur frequently. Strikes and protests in the country have often been large and have caused significant disruptions to business operations and travel. In January 2016, a collection of unions held more than 120 demonstrations countrywide, including a taxi union that blocked a major highway in Paris, lit bonfires and threw smoke grenades in protest against competitors.

Attacks and foiled plots in France 2010-2015





"The [terrorism] threat level remains very high. We know that we are a target"

French President Francois Hollande, 16 March 2016

"France is at war. The acts committed in Paris and near the Stade de France on Friday evening are acts of war. They left at least 129 dead and many injured. They are an act of aggression against our country, against our values, against its young people, and against its way of life"

French President Francois Hollande, 16 November 2015



Insurer reactions*

We have seen increasing demand from French clients for Terrorism coverage, following recent increased attacks by Islamist radicals across Europe, although pricing remains highly competitive and unaffected by this. French law insists upon Terrorism coverage being included by the all risks carrier where fire coverage is provided for assets in France, and this is provided via the government reinsurance pool (GAREAT). The private market does not compete with GAREAT and provides cover for French- owned assets overseas only. This includes substantial exposures in the French-speaking territories of the Middle East and North Africa due to the historical relationship, where there is greater exposure to wider political violence perils given the proximity to Islamic State dominated regions.



Future outlook

The terrorism threat in France will probably remain high in 2016. Islamist groups in the Middle East and North Africa, which have previously conducted attacks against targeted France and French interests globally, continue to cite France as a target. Groups like IS and Al-Qaeda have proven their capability to stage violent attacks in France, and they continue to call on their sympathisers to commit attacks in their home countries if they cannot fight alongside IS in Iraq and Syria.

It is also likely that protests and strikes, which have often escalated into violence, will continue. Popular support for far-right nationalist party, Le Front National, reached a record high in 2015, and there is potential for this support to manifest itself in violence, as has already been the case in similar circumstances in Sweden, Germany and Greece.

The refugee crisis, combined with the terrorism threat, will probably contribute to a rise in political violence from far-right radicals. Legal counsel at the Calais migrant camp have reportedly filed complaints with the French judiciary following at least 50 violent attacks on migrants by civilian militias in February. Migrant camp volunteers have reported that attacks against migrants are becoming 'more frequent'.

**Note: all insurer reactions are correct at the time of publishing*

▶ “Risk Advisory estimates that **1,229** French citizens travelled to fight alongside militant groups in Iraq and Syria”



India

TPV Risk Rating: High (no change from 2015)

Key Belligerents: Regional militant Islamist groups such as Al-Qaeda, Lashkar-e-Taiba and Jaish-e-Mohammed; domestic Islamist groups such as Indian Mujahidin, Student's Islamic Movement of India; Naxalites (Maoists); ethnic separatist groups in northeastern states

Terrorism Casualties in 2015: 241 wounded, 145 killed (386 total)

Comparable Security Environments: Bangladesh, Israel, Egypt



Recent terrorism incidents and threats

20-22.02.2016 Pampore, Jammu and Kashmir – Unidentified militants killed at least six people, including five security forces personnel, and injured at least 12 others in a three-day-long standoff with the Indian military.

02.01.2016 Pathankot airbase, Punjab – A group of militants infiltrated the air force base and killed at least six military personnel.

05.11.2015 Srinagar, Jammu and Kashmir – Militants threw grenades at a hotel housing military personnel, wounding 13 members of the paramilitary.



The threat environment

The overall country risk level for political violence in India remains high in 2016. There is a minimal risk of regime instability in the country. However, there is an active Maoist insurgency in parts of central and eastern states, and ethno-separatist groups operate in the northeast. There is also an underlying risk of armed conflict with Pakistan. Despite a rapprochement between the two countries at the end of last year, relations with Pakistan remain tense.

The threat of terrorism remains high. Various Maoist factions, ethno-separatist groups, and domestic and regional Islamist groups carried out 188 attacks in 2015. The attacks killed 145 people and wounded 241 others, according to the TerrorismTracker database. Around 50% of attacks last year targeted government, military and security personnel and interests. Only around 13% of attacks were against business interests, particularly targeting construction and electricity infrastructure in sabotage attacks. Nearly all of these occurred in areas where Maoist and ethno-separatist groups operate in central, eastern and northeastern states.

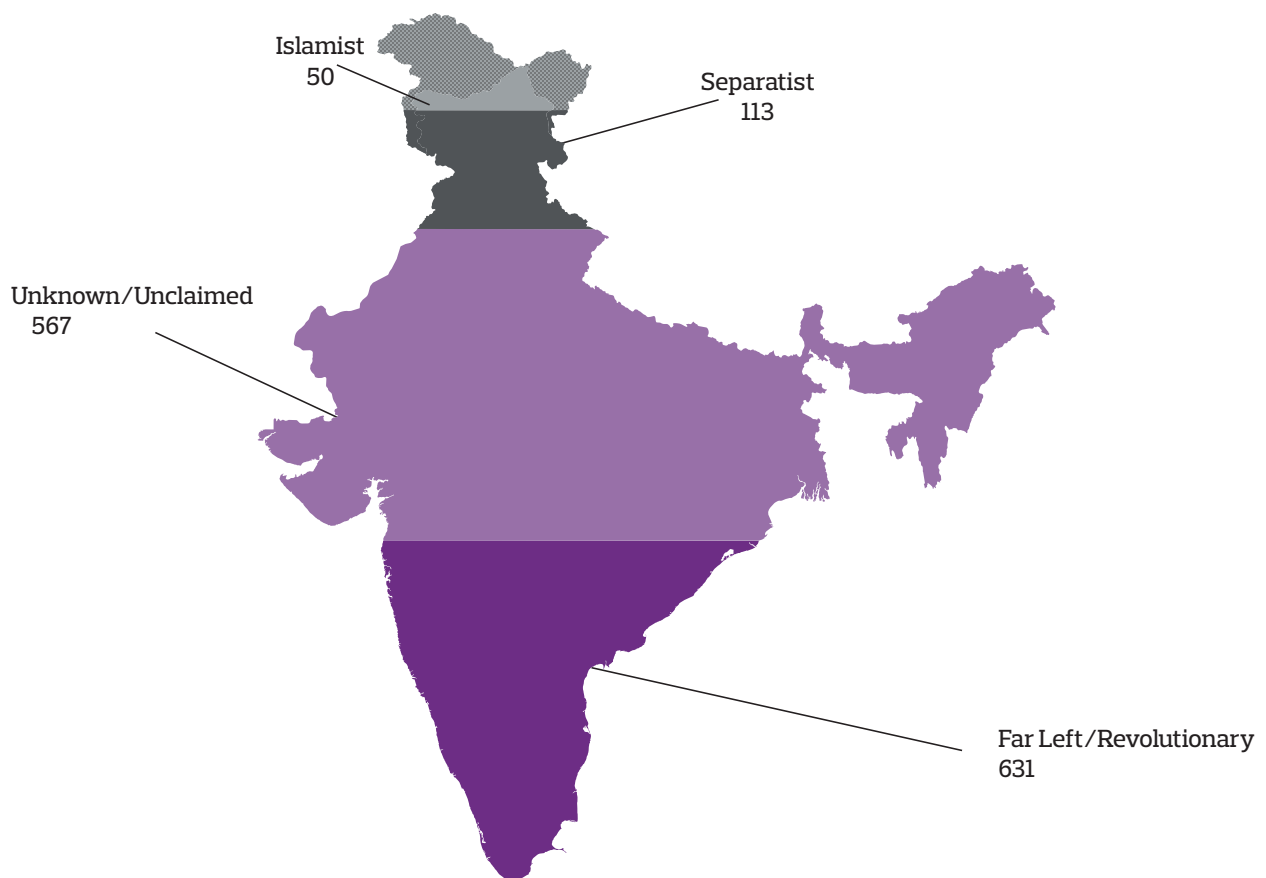
Regional Islamist terrorist groups, such as Lashkar-e-Taiba, mainly targeted security forces in Kashmir last year. But at least two incidents in Punjab state showed that these groups are intent and capable of conducting attacks elsewhere in India. In an attack in Gurdaspur district in July, three gunmen dressed in army uniforms fired on a bus and a police station. The Indian authorities later found several bombs planted near a railway station.

In a second attack in the district, five militants managed to gain entry and lay siege to Pathankot airbase for three days before the Indian security forces killed them. Other states have also been affected by terrorism. In March 2016, the Indian authorities increased security across Gujarat state after receiving intelligence from Pakistan that several militants could have entered India to attack public places during a Hindu festival.

Civil unrest remains a high risk, and in the last 12 months protests occurred frequently in India, over both local and national issues. In 2015, religious and communal tensions led to protests and rioting in Uttar Pradesh and Gujarat states. In Gujarat in particular, there were large demonstrations and rioting in several major cities by the Patel community in August, which resulted in damage to public and private property. Similarly, the Jat community in Haryana blocked major highways to New Delhi demanding greater state reservations in February.

There is also a risk of student protests. Since February 2016, student groups countrywide have demonstrated against the New Delhi police's arrest and charge of sedition against the student union president of Jawaharlal Nehru University (JNU) in the capital. Student unions affiliated with the Bharatiya Janata Party (BJP) government have also held counter demonstrations in the capital. These protests appear to have been part of an effort by left and right-wing political parties to exert influence over educational institutions, such as the JNU in Delhi.

Attacks in India since 2010 (1,360 total)





"Relations between Pakistan and India remain tense despite the resumption of a bilateral dialogue in December. Following a terrorist attack in early January on Pathankot Air Force base in India, which New Delhi blames on a Pakistani-based group, India's engagement with Pakistan will probably hinge in 2016 on Islamabad's willingness to take action against those in Pakistan linked to the attack"

Worldwide threat assessment of the US intelligence community, 9 February 2016



Insurer reactions*

The vastness of India creates a highly diverse terrorism threat, from Islamist radicals in the north to more secular attacks on infrastructure and utilities throughout the provinces. In spite of higher than average frequency, losses are generally small scale, with little impact on coverage or rating which remains highly aggressive. The exception is the Taj hotel (2008), instrumental in the change in market wordings through the addition of the Loss Control clause. Whilst there is some exposure to wider political violence perils, the market for this coverage remains stagnant, with coverage almost exclusively limited to terrorism and sabotage only, and pricing largely dominated by competition from the government pool and a trend towards market facilitation.



Future outlook

The threat of terrorism in India will almost certainly remain high in 2016. Both regional and domestic terrorist groups have already shown their intent to stage attacks in the country this year by targeting the Pathankot airbase in Punjab. The Al-Qaeda branch for South Asia (AQIS) has released propaganda over the past two years that has made threats to India.

The Indian authorities have also arrested several people with suspected links to Islamic State (IS) in counter-terrorism raids in Hyderabad, Rajasthan, Mumbai and Karnataka in 2016. According to the authorities, those arrested attempted to recruit and establish IS cells in the country, although there does not appear to be a clear operational link between IS in Syria and Iraq and individuals that sympathise with the group in India.

The risk of civil unrest will also remain high in 2016. Recent student protests over the arrest of the president of JNU have started a wider public debate about what it means to be nationalist. Left-wing political parties have accused the right wing BJP of trying to suppress freedom of speech, while Hindu-nationalist groups affiliated with the government have said that leftist groups are anti-nationalist and pro-Pakistan. Protests by farmers and lower-caste communities are also probable in India this year, particularly given consecutive drought years in several states.

**Note: all insurer reactions are correct at the time of publishing*

▶ “Around **50%** of attacks last year targeted government, military and security personnel and interests”



Saudi Arabia

TPV Risk Rating: High (increased from moderate in 2015)

Key Belligerents: Islamic State (IS), Al-Qaeda in the Arabian Peninsula (AQAP), Houthi and pro-Houthi militants, and Shia militant youth

Terrorism Casualties in 2015: 122 wounded, 64 killed (186 total)

Comparable Security Environments: Algeria, India, Turkey



Recent terrorism incidents and threats

29.01.2016 Al-Ahsa, Eastern Province – A suicide bombing in the Shia Iman Rida mosque killed at least three people and injured seven others. Islamic State (IS) did not claim responsibility for the attack, but the authorities said that the group was behind it.

15.01.2016 Abu Arish, Jizan – IS claimed that it shot and killed a retired security official on his farm in the early morning. Saudi news reports said the victim was murdered, although the authorities said that the incident was criminal.

18.11.2015 Saihat, Eastern Province – Gunmen killed two police officers near a farm in Saihat, south of Al-Qatif in the early hours of the morning. No one claimed responsibility for the attack, which occurred in an area where both IS and anti-government Shia groups are active.

28.11.2015 Najran - An IS suicide bomber killed at least three people in an armed forces mosque during sunset prayers. The attack occurred in Najran, near the border with Yemen, but subsequent investigations by the authorities revealed that an employee sympathetic to the attack helped the IS bomber to enter the military site.



The threat environment

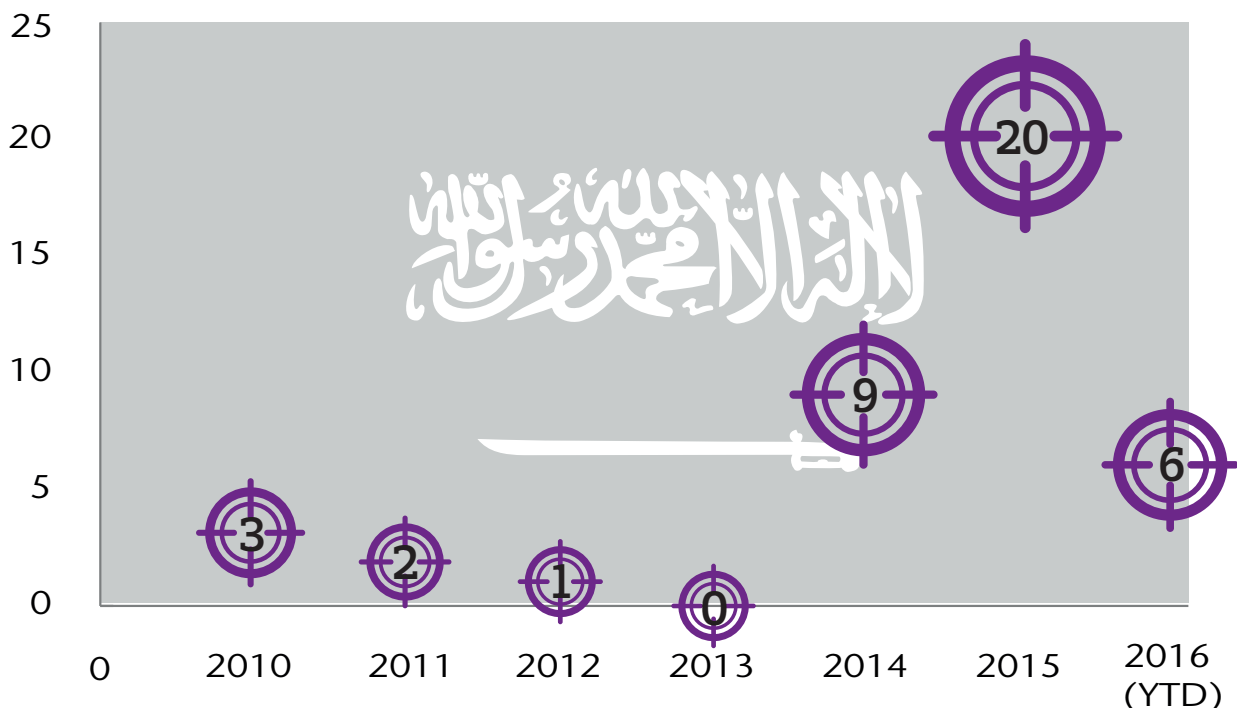
The risk rating for Saudi Arabia has been increased from moderate to high for this year's TPV map, due to an increased alleged terrorism threat, greater political instability and conflict in Yemen. The most significant terrorism development is the growth of Islamic State (IS) in the country. Over the last 12 months, there have been at least 21 reported terrorist attacks, including five in the capital Riyadh. IS has claimed at least eight attacks in the country, including mass-casualty bombings, most of which have targeted Shia civilians, but also the security forces.

Although IS in Saudi Arabia has not conducted attacks against foreigners in the Kingdom, the group has threatened Western interests including commercial interests ranging from banks to hotels and shopping malls, most recently in a series of videos released in December 2015. The security forces have also foiled several major plots in the last year, including one which they indicated was a planned car bombing against US diplomatic interests. During the last 12 months, Al-Qaeda in the Arabian Peninsula (AQAP) has not claimed a single attack in Saudi Arabia, although it has been increasingly active in the context of the conflict in Yemen.

That war, in which Saudi Arabia is directly involved, is another reason why the risk of political violence has risen in the country. The Kingdom has been engaged in military operations against the Houthi movement and its allies in Yemen since April 2015, mainly in the form of airstrikes but also with a limited troop and trainer deployment in the south. There have been repeated reports of cross-border insurgent attacks into the southern provinces of Saudi Arabia, including Asir and Najran, resulting in dozens of Saudi casualties. Western governments advise against travel to the border region due to the risk of violence there.

The Kingdom also retains a civil commotion peril on the 2016 map. There have been only occasional demonstrations in the last year, mainly in response to the execution of Shia cleric Nimr Al-Nimr in December 2015. But the economic outlook for the coming year looks challenging, and the government is planning on introducing reforms and cuts. While these are in line with the recommendations of the IMF, planned reforms are likely to affect health and other social provisions, and may meet popular opposition. Nonetheless, there are strong social restrictions that make people less likely to protest.

Attacks committed in Saudi Arabia since 2011





"The kingdom is ready to participate in any ground operations the coalition (against IS) may agree to carry out in Syria"

Brigadier General Ahmed Al-Asiri, Saudi military spokesman, 4 February 2016 (Al Arabiya News Channel interview)



Insurer reactions*

With issues to Saudi Arabia's immediate north and south, the country has become more of a concern and the subject of closer scrutiny by markets in recent months. This is largely due to the tensions with Yemen, the confrontation with Iran and concerns over cross-border Islamic State operations from Iraq and Syria. Risks are screened carefully where assets are spread throughout the country and include the likes of Jizan and Narjan near the Yemeni border. However, we continue to see modest rate reductions offered for heavy industry assets in remote locations.



Future outlook

King Salman is reportedly in poor health, and while Mohammed bin Nayef is currently in line to succeed him, there are indications that the King favours his son Mohammed bin Salman. This has the potential to lead to internal divisions within the ruling family, particularly if the King chooses to bypass Mohammed bin Nayef, who has considerably more experience and probably also greater domestic backing than his younger rival. Possible indicators of such a move – or of Salman abdicating – would include princes returning home and reports of royal family members attending late-night meetings.

The conflict with Yemen seems likely to continue for the foreseeable future, although there are some indications that Saudi Arabia is seeking a negotiated solution, at least with the Houthi movement. This could take many months, but would probably reduce the conflict risk in the south. However, the war in Yemen has allowed both AQAP and IS to grow stronger there, and both groups remain openly hostile to the Kingdom. This, and Saudi's plans to increase its involvement in the fight against IS in Syria, will probably push up the threat of violence in the Kingdom further.

**Note: all insurer reactions are correct at the time of publishing*

► “IS (Islamic State) has claimed at least **eight** attacks in the country, including mass-casualty bombings, most of which have targeted Shia civilians, but also the security forces”



Turkey



TPV Risk Rating: High (no change from 2015)

Key Belligerents: Islamic State (IS), Turkish Workers Party (PKK) and affiliated Kurdish militant groups (Kurdistan Freedom Falcons (TAK), Civil Protection Units (YPS)), the Revolutionary People's Liberation Front (DHKP/C) and Marxist extremists

Terrorism Casualties in 2015: 910 wounded, 272 killed (1,182 total)

Comparable Security Environments: Saudi Arabia, India, Israel



Recent terrorism incidents and threats

13.03.2016 Kizilay, Ankara - a car bombing killed 37 people and wounded 125 others in Guvenapr, a central transportation hub in Ankara. The Kurdistan Freedom Falcons (TAK) claimed responsibility for the attack in a statement on its website.

03.03.2016 Bayrampasa, Istanbul – two assailants attempted to attack a police bus outside a police station using firearms and grenades, but caused no casualties. The Turkish press suggested that militants from the Revolutionary People's Liberation Front (DHPK/C) were behind the attack.

17.01.2016 Ankara – a suicide car bombing killed 28 people, mostly military personnel, and injured 61 others in an attack targeting military buses in central Ankara, near the Turkish parliament. The Kurdish Freedom Falcons (TAK) claimed responsibility for the attack.

12.01.2016 Sultanahmet Square, Istanbul – a suicide bombing killed ten people, all foreigners, and injured 17 others at a square popular with tourists in central Istanbul. No individual or group claimed responsibility, but the Turkish authorities said that it was carried out by a member of Islamic State (IS).



The threat environment

The country risk rating for Turkey is high, and the threat of terrorism and civil unrest has risen since 2015. Over the past 12 months, there has been a sharp increase in the number of terrorist attacks, by different groups, including IS, Kurdish separatists (Kurdistan Freedom Falcons (TAK) and PKK) and far-left militants. While the majority of terrorist attacks and civil unrest have been in the southeast of the country, the frequency and severity of terrorist attacks in Istanbul and Ankara is rising. In Istanbul, TerrorismTracker recorded 27 attacks in 2015, compared with just three in 2014.

Recent terrorist attacks in major cities have primarily targeted the state, police and security forces, and political party offices. But increasingly, terrorist groups have targeted public squares where civilians are present, and tourist areas in Istanbul and Ankara. This includes IS as well as the TAK, a PKK affiliate group. In November, two IS-linked suicide bombers carried out the most deadly attack in Turkey's history at a peace rally in Ankara. In January 2016, a militant affiliated with IS killed 12 Germans in a suicide bombing at a central square popular with tourists in Istanbul.

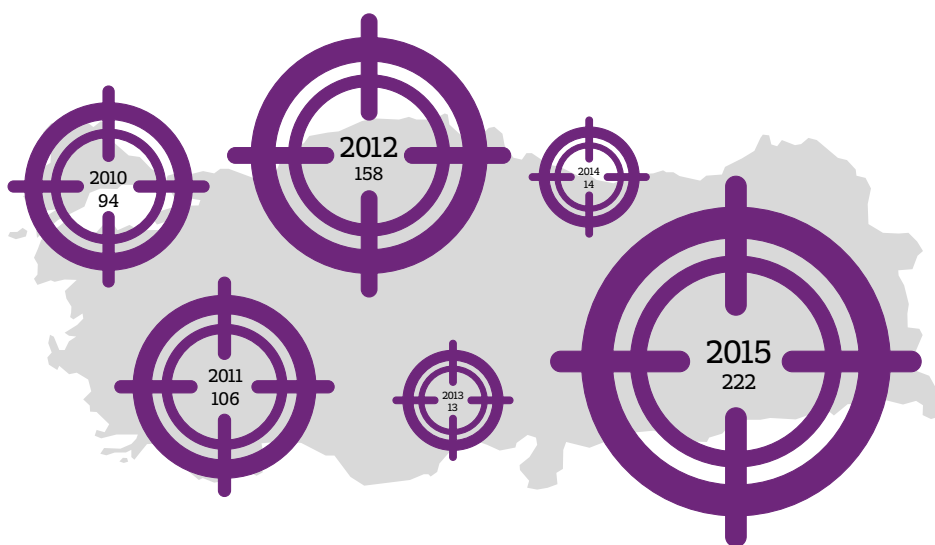
There have also been reported plots against Western diplomatic missions and public transportation in major cities. The TAK claimed responsibility for two large-scale attacks in Ankara in February and March 2016, including against a public transportation hub that killed 37 people, mostly civilians. The group has threatened to conduct attacks against the tourism sector; it was behind several attacks in the mid-2000s in cities popular with tourists in the western coastal region.

Outside of these high-profile attacks in major cities, the majority of terrorist activity has taken place in the southeast of the country. IS was behind two mass-casualty bombings in Kurdish majority cities, and has carried out shootings in the Syrian border region. Following the collapse of the PKK's ceasefire in July 2015, PKK-linked attacks in the southeast have increased nine-fold. Between July and September, we recorded more attacks per month than at any point during the last height of PKK activity in 2010-2012. The majority of these have targeted the state or security forces, but several indiscriminate attacks have caused civilian casualties.

In addition to terrorism, violent clashes between PKK militants and Turkish security forces in several towns and cities in the southeast means that Turkey retains a peril for insurrection and rebellion. The majority of fighting appears to be relatively concentrated in Diyarbakir, Sirnak and Mardin provinces. There is also a rising risk of civil unrest. There have also been periodic anti-government protests in Diyarbakir, as well as Istanbul and Ankara. These are usually small in scale, and generally have not lasted more than a day. Police have used tear gas and water cannons to disperse demonstrators.

Turkey also retains an armed conflict risk. It is militarily involved in the wars in neighbouring Iraq and Syria, where it has confronted other foreign powers, notably Russia. In November, Turkey shot down a Russian military jet that it claims crossed into Turkish airspace. Though further direct conflict with Russia seems unlikely, proximity to these conflict zones also means that there is a risk of mortar and rocket attacks along Turkey's southern border.

Attacks in Turkey since 2010





“Our security forces are continuing to cleanse every place of terrorists, in the mountains, and in the cities, and will continue to do so”

President Recep Tayyip Erdogan, 31 December 2015



Insurer reactions*

Following the recent attacks in Istanbul, the market has shown increasing concern, applying more scrutiny to terrorism and political violence placements within Turkey. This reaction is influenced by the tensions with the PKK and the spill over from war in Syria. In particular, risks within the centre of cities and specifically retail and assets in areas of high population density are less attractive from the underwriter’s perspective. This is especially so where reinsurers are applying premium loadings. Additionally companies with exposure throughout the country are screened more carefully for location, and are likely to witness premiums rising if they have assets along the Syrian and Iraqi borders and in the predominantly Kurdish areas.



Future outlook

The threat of terrorism in Turkey will almost certainly remain high in 2016. Domestic and regional terrorist groups appear intent on conducting further attacks in areas where civilians are present and against the tourism sector in major cities.

While a peace process does not seem to be forthcoming, further terrorist attacks by PKK affiliate groups in western cities are likely. However, terrorist attacks will probably remain most frequent in the southeast, and the state and security forces still seem to be the primary target of the PKK. It seems likely that PKK-linked terrorist attacks will become more frequent in the spring, the traditional start of the fighting season.

The risk of insurrection also will probably remain high in Kurdish majority areas in the southeast of the country. There are few indications that either the PKK or the government will restart substantive peace talks this year. As such, there also remains a threat of civil unrest in the form of anti-government protests, in the southeast as well as major cities. The government’s increasingly illiberal policies and uncertainty over constitutional changes, looks likely to sustain the risk of at least small-scale protests in 2016.

As the wars in Iraq and Syria look likely to continue in 2016, Turkey retains a risk of armed conflict. Turkey will probably continue to conduct military operations in both countries, to support the coalition against IS and Syrian opposition groups, and work to prevent the territorial expansion of Syrian Kurds. Direct military activity against IS will sustain the threat of cross-border terrorist attacks by the group.

**Note: all insurer reactions are correct at the time of publishing*

◆ “In Istanbul, TerrorismTracker recorded **27** attacks in 2015, compared with just **three** in 2014”



United States



TPV Risk Rating: Low (the same as 2015)

Key Belligerents: Militant Islamist groups such as Islamic State (IS) and Al-Qaeda, Islamist sympathisers, and far-right, nationalist and libertarian extremists.

Terrorism Casualties in 2015: 28 wounded, 26 killed (54 total)

Comparable Security Environments: United Kingdom, Germany and Italy



Recent terrorism incidents and threats

07.01.2016 Philadelphia, PA - A reported IS sympathiser shot and seriously wounded a police officer in his vehicle while on patrol.

02.12.2015 San Bernardino, CA - A couple, who were reportedly IS sympathisers, killed 14 people and wounded 17 others at a company holiday event.

27.11.2015 Colorado Springs, CO - A far-right extremist killed three people and wounded nine others at a Planned Parenthood clinic.

03.05.2015 Garland, TX - IS sympathisers wounded one person at a 'free speech event' held by the American Freedom Defence Initiative.



The threat environment

It is recognised that the risk from political violence in the US is low, but terrorism remains a concern. There were at least four attacks and one plot in the last 12 months involving violent Islamists and far-right actors. The most significant attack was by a couple who were reportedly Islamic State (IS) sympathisers. They killed 14 people and wounded 17 others in San Bernardino, California, on 2 December 2015.

Large terrorist groups like Al-Qaeda and IS and their sympathisers frequently threaten to attack the US and its interests, and the country is often referenced in propaganda by such groups aimed at inciting supporters to mount attacks against the West more generally. Risk Advisory recorded at least nine high-profile hostile references by Islamists directed at the US and its citizens in January 2016.

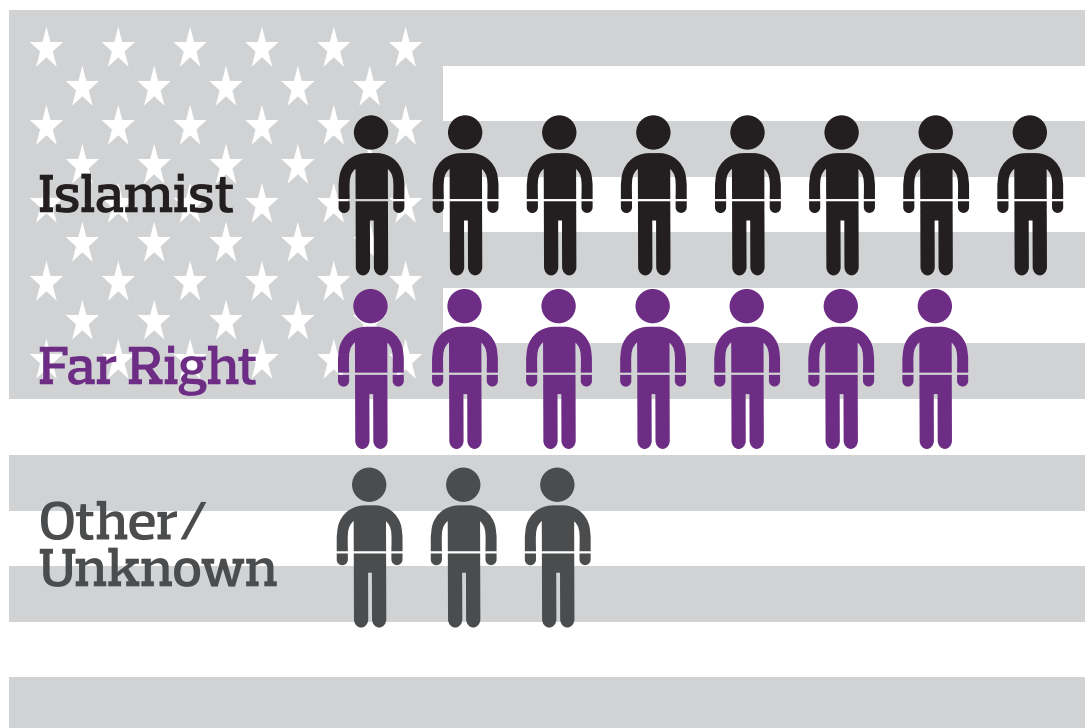
The US House Committee on Homeland Security said in December 2015 that the US homeland is 'increasingly not secure', and that law enforcement arrested 'over 70 IS-supporters' in 2015, a significant increase from the 15 IS-linked arrests in 2014. Officials have said that Islamist terrorists are seeking to 'deploy operatives to [US] shores, and radicalise [US] citizens to commit acts of violence'. The same officials described 2015 as being 'the single most active year for home-grown terror[ism]' on record.

The threat from far-right actors, and militant nationalists and libertarians is also significant in the US. In a recent attack of this nature, a gunman killed three people and injured nine others at a family planning clinic in Colorado Springs, Colorado, on 27 November. The gunman reportedly had an anti-abortion agenda, which has been the motivation for previous attacks against family planning clinics, including a 2009 lone wolf attack at a similar clinic in Kansas in 2009.

Far-right terrorism has been an issue in the US for many years, and attackers have often cited domestic and foreign security issues as being a primary motivation. Changes to the US political environment, especially with the impending presidential election in 2016, have the potential to lead far-right extremists to commit acts of violence.

Civil unrest also remains an issue in the US where there are frequent demonstrations and civil disturbances pertaining to issues including racial discrimination, income inequality, and allegations or actual instances of police brutality. Demonstrations of this nature have often followed highly publicised political incidents, or reports of racially-motivated violence or discrimination. Most demonstrations are peaceful, however in April 2015, a protest in Baltimore by the Black Lives Matter movement escalated into a riot in which there were instances of vandalism, arson and looting.

Attacks committed in the United States since 2010





“Social media has allowed groups, such as ISIL, to use the Internet to spot and assess potential recruits. ... terrorists can identify vulnerable individuals of all ages in the United States—spot, assess, recruit, and radicalize—either to travel or to conduct a homeland attack. The foreign terrorist now has direct access into the United States like never before.”

James Comey, Director of the FBI



Insurer reactions*

Market reactions to the most recent terrorism events in the US have been muted, both for property and liability. Losses were limited, with negligible resulting impact on premium and there remains significant capacity and appetite for terrorism risk among underwriters.



Future outlook

Further terrorist plots and attacks are probable in the US in 2016. In 2015, both Al-Qaeda and Islamic State (IS) and their sympathisers proved their intent and capabilities to mount mass casualty attacks in Western cities, most notably in Paris in November. IS propaganda videos released since those attacks have called for more attacks against the West, with a particular focus on those countries engaged militarily against both IS and Al-Qaeda, principally France, the US and UK. In these circumstances, Western officials have warned that the terrorist threat is probably the highest it has been for a decade.

Anxieties about the new generation of Muslim refugees and migrants as a source of terrorism will probably prove overblown. But these concerns will likely still affect Western policies, especially considering the upcoming US presidential election. The high number of Western nationals and recent converts among the ranks of Islamist extremists notwithstanding, the twin pressures of terrorism and migration are already stimulating xenophobic attitudes that are bleeding into mainstream politics. This in turn risks emboldening and legitimising extreme right-wing activism. As a result, we expect to see rising levels of divisive far-right politics and acts of violence in the US in 2016.

**Note: all insurer reactions are correct at the time of publishing*

▶ “There were at least **four** attacks and one plot in the last 12 months involving violent Islamists and far-right actors.”



Public spaces



Recent terrorism incidents and threats

22.03.2016 Four suicide bombers killed 35 people and injured approximately 300 others in Brussels on the morning of 22 March. Three of the attackers used homemade explosives hidden in suitcases to bomb the departures hall at Brussels Zaventem Airport. Another attacker detonated explosives on an underground train at Maelbeek metro station. Islamic State claimed responsibility for the attacks in a statement released online after the attacks.

02.12.2015 Two armed attackers, identified as S.R. Farook and T. Malik, killed at least 14 people and injured another 17 at Inland Regional Centre, a social services and conference centre in San Bernardino, California on 2 December. The authorities said that the attackers had pledged allegiance to Islamic State prior to the shooting.

13.11.2015 Nine attackers armed with automatic weapons and suicide vests conducted a series of attacks killing 130 people and wounding nearly 370 others in Paris, France on the evening of 13 November. The attackers operated in three groups, and targeted the Stade de France, the Bataclan concert venue, and various bars and restaurants. Islamic State claimed responsibility for the attack the day after.



The threat environment

Recent attacks and plots in France, Belgium and other Western countries suggest that Islamic State (IS), other terrorist groups, and their followers are intent on attacking crowded public spaces to inflict maximum casualties. This trend is borne out by Risk Advisory and Aon data. Since January 2015, 31% of all attacks in the West have targeted private citizens and public gatherings, making this the most targeted sector. This marks a significant change from 2010-2014, when attacks against private citizens and public gatherings made up just 25% of recorded incidents, second to attacks on police, military and government, which totalled 43% of attacks.

Wider attack trends also point to a tactical shift in the West toward armed attacks as opposed to bombings. For the first time since Risk Advisory and Aon began collecting data in 2007, shootings have overtaken bombings in the West. Since 2015, 52% of attacks in the West have been armed attacks, 19% more than bombings. By contrast, between 2010 and 2015, bomb attacks made up the vast majority of attacks in the West at 58%, compared with only 30% armed attacks.

This data correlates with recent warnings from Western security officials. In March, the assistant commissioner at Scotland Yard warned that extremists had shifted their focus from attacking 'police and military as symbols of the state, to 'something much broader'. The relative ease of conducting an armed attack and inflicting significant damage appears to be driving this trend; however, bombings remain a common terrorist tactic. This carries potentially significant risk implications for retail businesses and public venues. The attacks in Paris and San Bernardino are prominent examples of armed attackers targeting busy bars and restaurants, a concert venue, and a conference centre.

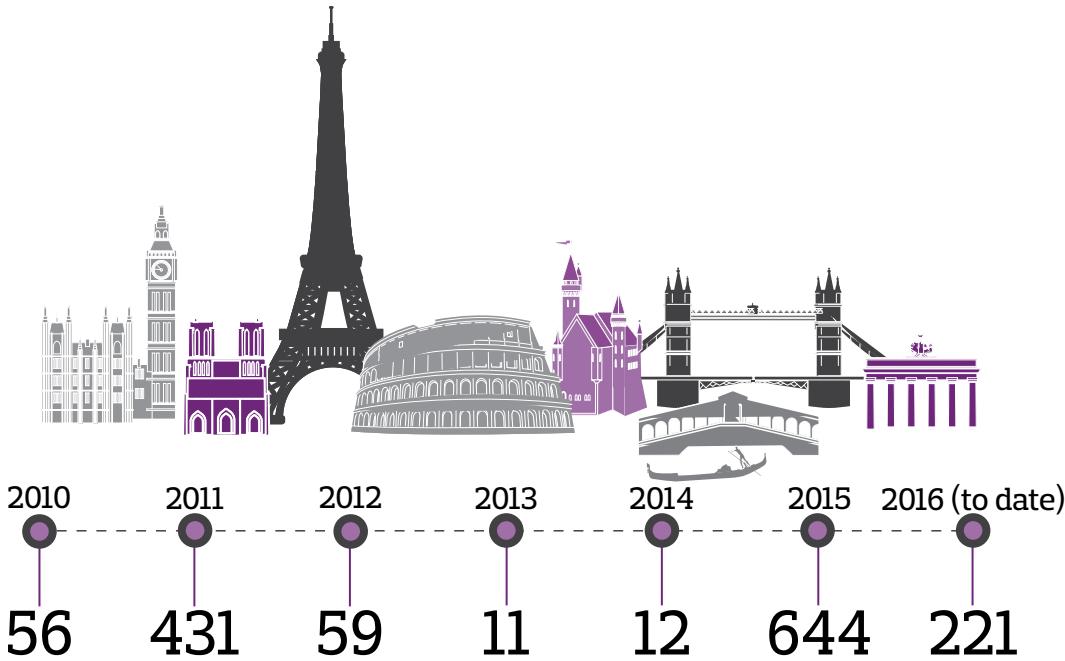
The apparent shift towards attacking private citizens and public spaces has led to an increase in casualties from terrorism in the West. There were more casualties from terrorism in Western countries in 2015 than any year since 2010. In 2015, TerrorismTracker recorded at least 644 deaths and injuries as the result of all terrorist violence in Europe. Of these casualties, 63% were targets of attacks on private citizens and public spaces, which is significantly more than all of the casualties from 2010-2014. Recent attacks and foiled plots in Western Europe indicate that terrorists operating in the West are increasingly targeting soft targets with high pedestrian traffic.

The authorities in the West have expressed concern over the apparent shift towards roaming terrorists using firearms in busy public areas. In March, a UK government minister said that since the attacks in Paris, security forces in the UK are now trained and prepared to manage up to ten simultaneous attacks. In late 2015, Western intelligence and police services have issued warnings of potential gun and bomb attacks in crowded spaces, ‘especially at events and traffic hubs’. The threat has prompted police in major Western cities to conduct training drills aimed at preventing consecutive, or ‘Paris-style’ attacks.

According to the assistant director of Europol, the attacks in Paris are representative of Islamic State’s ability ‘to carry out special-forces style attacks in the international environment’. A Europol report on IS also indicated that IS attacks in future ‘will be primarily directed at soft targets, because of the impact it generates’.

This convergence of targeting exposed and crowded targets with a shift to marauding gun attacks creates new challenges in risk and crisis management. And it carries implications for determining more appropriate insurance cover, with a potential change in emphasis from covering large-scale property damage to business interruption, and loss of life and repatriation.

Terrorism casualties in Europe - year on year



“Shopping malls, a restaurant—anywhere. The idea is to make us believe that we are always going to be in such grave and imminent danger that we actually have to stop what we’re doing and change our choices and change our way of life”

US Secretary of State, John Kerry – November 2015

Methodology

The risk ratings for the Aon Terrorism & Political Violence Map 2015 represent the joint findings and assessments by Risk Advisory and Aon experts. The ratings are based upon empirical TerrorismTracker data from the preceding 12 months, Risk Advisory’s data and intelligence analysis on political and geopolitical risks, and joint consultations between Risk Advisory and Aon experts.

The scores are current at the time of the map publication. While the ratings are intended to be reflective of prevailing risk trends in 2015, they are not intended to be predictive of changes in global events or future threats.



We assign each country a score on a five-point scale (indicated in the table above) that reflects the severity of risk in each country or territory. The scores are weighted to accommodate a wide range of political risk and security variables. These include:

1. Terrorism and Sabotage
2. Riots, Strikes, Civil Commotion and Malicious Damage
3. Insurrection, Revolution, Rebellion, Mutiny, Coup D’état, War and Civil War

The aggregate of these variables reflects the country’s total score and colour on the map. The three groupings above are represented on the map by perils which directly relate to Aon insurance products. The map enables prospective clients to identify the specific risks they should be aware of when operating around the world.

Aon TPV insurance products	Perils
Aon T&S	Terrorism and Sabotage
Aon SRCCMD	Riots, Strikes, Civil Commotion and Malicious Damage
Aon PV	Insurrection, Revolution, Rebellion, Mutiny, Coup d’état, War and Civil War.

The terrorism and sabotage assessment is based upon empirical data and threat analysis. This includes analysis of reported incidents and plots, in conjunction with analysis of the intentions, operational capabilities and target selection of identifiable groups and networks. The assessment draws heavily on TerrorismTracker incident and plot data, current government threat warnings and Risk Advisory intelligence analysis.

The riot, strikes, civil commotions and malicious damage peril identifies countries that have witnessed bouts of violent and non-violent civil unrest, strikes and protest activity. The assessment primarily draws on prevailing patterns of unrest but also takes into account social, economic and political causes (indicators) and triggers that are instructive of the current trend.

The insurrection, revolution, rebellion, mutiny, coup d'état, war and civil war peril is based upon our analysis of risk of profound instability and political change through political violence. In the first instance, the assessment takes into account whether there are already extant conditions of armed conflict, rebellion or insurrection in a country, or compelling indications that armed conflict with a given territory is a credible risk. The latter can include 'frozen conflicts', high levels of militarisation or mobilisation, or diplomatic crises such as territorial disputes. The assessments of coup d'état risks draw upon a matrix of risk indicators that includes past history of coups and the nature of the political system.

In this analytical document, for ease of reference on general points, we refer to the three peril classifications that align to PV insurance products in simpler terms as described in the below table.

Peril classification	Simple reference
Terrorism and Sabotage	'terrorism'
Strikes, Riots, Civil Commotion and Malicious Damage	'civil unrest'
Insurrection, Revolution, Rebellion, Mutiny, Coup, Civil War, War	'conflict'

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