

TERRORISM RISK MANAGEMENT FOR HIGHER EDUCATION

The potential financial consequences, liability and defense costs resulting from a terrorist event are substantial for universities and college campuses. Recently in February of 2011, the FBI arrested a former Texas Tech University Chemical Engineer Student on suspicion of terrorist bomb plots. The student had entered the U.S. on a student visa from Texas Tech University.¹

Successful terrorist attacks can lead to lengthy litigation. After 9 years of defense costs; liability lawsuits from 9/11 remain open. As security levels remain low on campuses nationwide, the possible litigation resulting from attacks remains virtually limitless. The need to mitigate and transfer potential terrorism risks has led **Willis SECURENET** to develop specialized insurance covers for the higher education sector.²

WHY IS HIGHER EDUCATION A TARGET FOR TERRORISTS?

- Opportunity to inflict heavy casualties: stadiums viewed as top terrorism target.
- Easy access and low security.
- Access to radioactive and infectious research materials.
- Controversial animal and stem cell research.
- Radical and extremist student groups operating covertly on campuses.
- Pure terror – places of learning are soft, emotive targets.
- Student and staff visas are an entry point to the U.S.

WHAT IS THE LIABILITY AND HOW ARE UNIVERSITIES SUED FOLLOWING A TERROR ATTACK?

- Failure to control and monitor entry to campus and sporting events.
- Failure to protect air conditioning and water systems against contamination.
- Poor evacuation plan leading to stampede and injury
- Students misdirected by campus faculty to remain in place on campus.
- Structural failure, fire and smoke retardants fail (as 9/11).
- Radioactive or infectious materials or animals stolen from labs.
- Students carry out acts of terrorism while on visas issued by the university.
- Faculty failed to notice warning signs of radicalization.
- University vehicles stolen and used to transport explosives.

WHY DOES "STAND ALONE" TERRORISM COVERAGE BENEFIT HIGHER EDUCATION OVER COVERAGE EMBEDDED WITHIN EXISTING POLICIES ?

TRIPRA -Terrorism Risk Insurance Program Reauthorization Act: 2007 extension of government back stop known as TRIA.

Insurers relying solely on the reinsurance backstop provided by TRIPRA are subject to the following potential delays or limitations in coverage:

- TRIPRA losses must be "certified by the Secretary to the Treasury, Secretary of State and the Attorney General".
- Buyers of TRIPRA have no leverage over the politicians who determine their policy coverage or claims payment.
- No immediate defense response or loss mitigation.
- TRIPRA policies typically exclude nuclear, chemical and biological perils.
- TRIPRA excludes auto.
- TRIPRA loss must exceed \$5m to be considered a "certifiable act".
- TRIPRA only covers losses in the United States.
- TRIPRA Indemnities are triggered only when insurance industry wide losses breach \$100M.

¹ Factbox: Details of bomb plot in U.S. by Saudi national; Thomson Reuters; www.MSNBC.com

² Subject to the conditions, limitations and exclusions of the policy

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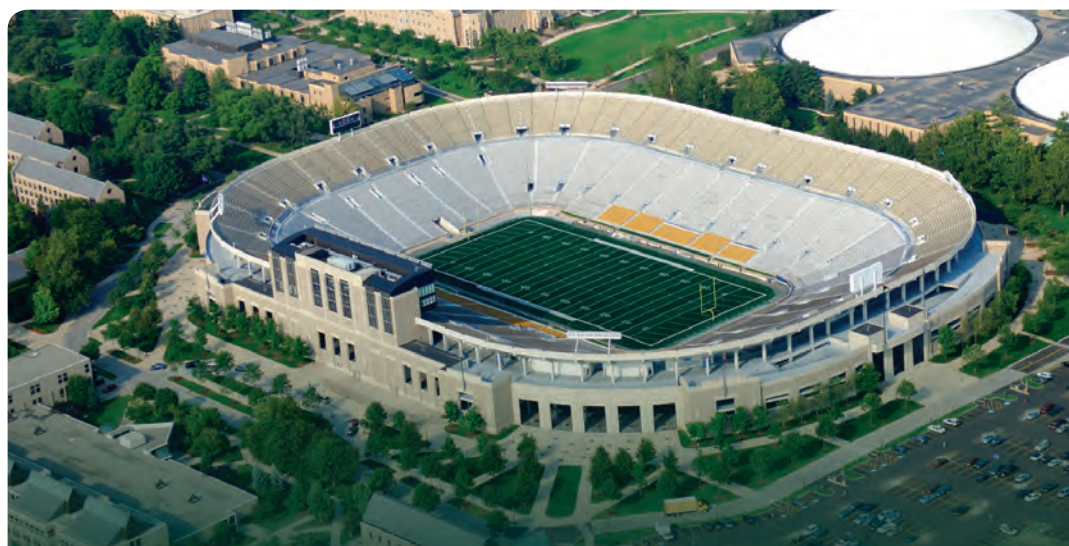
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WHAT COVERAGE IS AVAILABLE IN STAND ALONE TERRORISM PROGRAMS?

- Terrorism Property Damage (T3) - physical loss and damage, debris removal, loss of rent & revenue, extra expense (using T3a extensions).
- Terrorism Liability (T3L) - public liability for third party bodily injury, physical damage, debris removal, defense costs.
- Nuclear, Terrorism and Sabotage (T3X) – physical loss and damage (same as T3) but including nuclear, chemical, biological, radiological and decontamination.
- Nuclear, Terrorism and Sabotage Liability (T3LX) - public liability for third party bodily injury, physical damage, debris removal, defense costs (same as T3L) but including nuclear, chemical, biological, radiological and third party decontamination.
- War and Terrorism liability for active conflict zones (litigation protection for the university in respect of students studying or travelling aboard).



“ THE NEED TO MITIGATE AND TRANSFER POTENTIAL TERRORISM RISKS HAS LED WILLIS SECURENET TO DEVELOP SPECIALIZED INSURANCE COVERS FOR THE HIGHER EDUCATION SECTOR.2”

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