

The pressing case for political violence and terrorism insurance in Southern Africa

By [Cameron Cupido](#)

2 Oct 2020

No business can ever say with certainty whether or not it will be safe from the threat of political violence or terrorism (PVT). Even seemingly innocuous businesses can unexpectedly find themselves on the receiving end of violent protests.



Cameron Cupido, CEO, Reinsurance Solutions Intermediary Services

Political violence

This was certainly the case in September 2020 when Clicks became the target of protest action. A racist advert on the chain's website sparked violent protests by Economic Freedom Front (EFF) members that ultimately saw seven branches damaged and more than 400 stores closed.

As a health and beauty retailer, Clicks was an unlikely candidate for political violence. However, this incident highlighted just how quickly events can escalate, affecting even those entities deemed 'safe' from such violence.

A business doesn't even have to be the intended target of protest or terrorist action for it to suffer loss or damage as a result of these events. Just look at the service delivery protests in South Africa, Mozambique and Zimbabwe in recent years. Physical damages, stock losses and business interruption in these cases amounted to millions. When citizens go on the rampage, no business is safe. This underscores the importance of PVT cover for all businesses, no matter their perceived risk.

Terrorism

While service delivery marches, wage strikes and politically-fuelled protests have become commonplace in Southern Africa, terrorism has been less of a threat. In fact, Southern Africa is regarded by experts as the least terrorism-affected geographical region in Africa.

Despite this assertion, terrorist activity has been steadily increasing in the northern reaches of Mozambique since 2017 in a violent extremist insurgency that has claimed more than 1,400 lives. This year, including during September 2020, these events have escalated dramatically. Concerns have been raised about this activity spilling over into neighbouring South Africa, especially if the country lends Mozambique military support against the extremists. This would rapidly change the region's terrorism risk.

In addition, terrorism as a whole in Africa increased during the Covid-19 pandemic, highlighting this growing risk on the continent.

Once again, there's no way of truly predicting a company's risk for terrorist action, as the tragic Westgate Mall shooting in Kenya in 2013 demonstrated. There, 71 people died, 200 people were wounded and three floors of the mall collapsed during the event. This was followed six years later by a 19-hour attack on a Nairobi hotel and office complex where 21 people lost their lives.

Classes of businesses

It's for this very reason that PVT insurance covers a number of classes of business, including property, business interruption, third party liability, accident classes, motor vehicle insurance, construction, contingent business interruption, DSU/ALOP, and extensions on various other classes, such as medical insurance.

The specific coverage offered under PVT policies includes acts of terrorism; sabotage; riots; strikes and civil commotion; malicious damage; insurrection; revolution and rebellion; mutiny and coup d'état; war and civil war; and counter insurgency.

Businesses opting for PVT insurance need to fully understand the dynamic between the threat and risk of such events occurring, as well as their individual vulnerability to these events in order to prevent gaps in their cover. Not all standalone political violence and terrorism products cover all the risks associated with these events, and a combination of products may be necessary to ensure complete coverage.

Given the unpredictability and volatility of political violence and terrorism, and the significant risk for damages, losses and business interruption, PVT without doubt remains a critical part of Southern African entities' insurance portfolios.

ABOUT THE AUTHOR

Cameron Cupido is the CEO of Reinsurance Solutions Intermediary Services.

For more, visit: <https://www.bizcommunity.com>