
October 2008 Overview of Terrorism Risk: Threat Landscape Heighten As U.S. Election Approaches
Recommended Risk Outlook for use in U.S. Terrorism Risk Model: RMS Standard (2009)

AL QAEDA'S BALLOT ACTION

Al Qaeda not only understands the nature of politics but also knows how to exploit the political system to gain a strategic advantage. As the U.S. election approaches, it is likely that Al Qaeda would take this opportunity to do something to effect the election.

Osama Bin Laden is an astute observer of political affairs and he pays very close attention to the electoral cycles in Western democracies. Osama Bin Laden often crafts his words in order to have an impact on political decisions made by political leaders of the world. Not only does he affect elections by his words but also through his actions. Al Qaeda has a past history of executing attacks related to elections. One is to attack prior to the ballot vote as in 2004 in Madrid, Spain and more recently with the assassination of Benazir Bhutto in Pakistan in December 2007. Al Qaeda also has a history of orchestrating attacks when new leaders take power, two examples are the bombings in London when Gordon Brown took over as the Prime Minister of the United Kingdom in July 2007 and the recent failed assassination attempt of the President of Pakistan, Asif Ali Zardari.

Ominous signs that Al Qaeda is orchestrating an attack during the U.S. presidential election are already brewing. There has been a recent surge of activity by Al Qaeda and their associated groups. In the month of September, Al Qaeda has launched two major attacks against U.S. installations overseas. First, Al Qaeda mounted a large and sophisticated assault on the American embassy in Yemen. This assault by Al Qaeda associated group in Yemen was the first major attack on a U.S. embassy for a decade. Second, Al Qaeda attacked the U.S. owned Marriott hotel in Islamabad with a large truck bomb. Moreover, U.S. intelligence has intercepted a series of messages from Al Qaeda's senior leaders telling its followers across the globe to await further instructions.

While Osama Bin Laden has yet to add his own views of the U.S. elections, that has not stopped political commentators from both sides of the ideological spectrum to postulate which presidential candidate would Al Qaeda prefer. Republican commentators argue that Bin Laden is rooting for Barack Obama, claiming that the group would want a callow candidate as an adversary. On the other hand, Democrat commentators assert that McCain's unilateral aggressive foreign policy approach would further drive anti-Americanism globally, which Al Qaeda could potentially exploit.

Even without a preference, there are several reasons why Al Qaeda would want to affect the elections in America. First, any attack or message released by Al Qaeda during the U.S. election could be used as a propaganda tool to inspire and energize their followers. This would help them with recruitment and fundraising. Second, Al Qaeda hopes that an attack during the U.S. election might potentially scare the American public into forcing its government to change its Middle Eastern policies. For now, the group has remained silent, but we should expect to hear more from Al Qaeda, violently or otherwise, before the U.S. elections.

With the U.S. presidential election approaching, Al Qaeda might take this opportunity to influence the ballot with an attack on U.S. installations at home or abroad. The RMS Standard (2009) Risk Outlook was parameterized taking into account the fact that 2008 is an election year. Insurers wanting to review the likely effects of increased threat close to November should use the risk outlook: Increased Threat Outlook (2009).

AL QAEDA'S 20TH ANNIVERSARY

With Al Qaeda passing its 20th anniversary in August, there has been significant debate around the status of the group. Several counter terrorism experts have claimed that Osama bin Laden's group is losing credibility because of theological challenges within the salafi-jihadi circles. Questions about Al Qaeda's durability have also surfaced due to the failures of their operation in Iraq. While these issues are certainly major blows to Al Qaeda, it does not mean that the threat from Al Qaeda has been diminished.

While it is true that Al Qaeda operations in Iraq are faltering, the group continues to demonstrate success in both Afghanistan and Pakistan. Al Qaeda leadership has exploited local conditions successfully and has gained a strong foothold in this ungovernable area in the remote and mountainous Federally Administered Tribal Areas (FATA). Domination in these territories has allowed Al Qaeda the haven necessary to rebuild its infrastructure. Its presence has also re-energized the local jihadi groups in Pakistan. Al Qaeda exerts significant influence among jihadi groups in Pakistan, particularly the Pakistan Taliban, whose leader Baitullah Mehsud has even vowed to attack targets in New York and London.

Afghanistan has resumed as a key state for the training of Al Qaeda recruits for terrorist operations for not only local operations but abroad. The Director General of Britain's MI5, Eliza Manningham Buller, made a keynote speech in November 2006 in which she noted that several terrorist plots in the U.K. have links back to Al Qaeda. This assessment appears accurate as there is evidence that Al Qaeda members in Pakistan gave guidance for both the 7/7 London bombings and the alleged transatlantic plot to blow up U.S.-bound aircraft from Heathrow in the summer of 2006.

Al Qaeda's influence extends well beyond the Afghanistan-Pakistan theater. Other similar Salafist militant groups inspired by Al Qaeda have sprung to life in Somalia, Lebanon and Yemen. These groups, though not linked to Al Qaeda, have begun to adopt the operational signature of their mentor. Of particular concern is the apparent import of Al Qaeda-style tactics, such as suicide bombing, with great effect.

The contention that there is a disunity among Al Qaeda theological leaders is valid, but these theological challenges change nothing to the fundamental motivation of Al Qaeda and its associates—the impact of U.S. and Western policies in the Muslim world. The U.S. presence in Afghanistan and Iraq as well as American military incursions into Pakistan has made the international environment favorable for radical Islamic militants. As long as this situation persists, Al Qaeda will be able to win broad and probably increasing support, or at least acquiescence to their goals in the Muslim world.

Moreover, Al Qaeda continues to have the edge in the ideological battle. The group has released a record number of messages this year through its media arm aiming to attract new recruits and inspire existing militants. Some of these messages have also carried specific instructions for jihadi cells. In the past year, for instance, Osama bin Laden has called for more suicide attacks on the Pakistani state. Apparently heeding the call of their leader, radical Islamic militants have launched a series of attacks causing an upsurge of suicide bombings in the past couple of months in Pakistan.

RMS maintains that Al Qaeda is operationally intact and remains a threat to America. Osama Bin Laden and his deputy Ayman Al-Zawahiri continue to motivate their followers to attack U.S. assets and interests. Al Qaeda remains focus on hitting prominent political, economic, and infrastructure targets designed to produce mass casualties, visually dramatic destruction, and significant economic and political aftershocks

MARRIOTT BOMBING IN ISLAMABAD

The bombing at the Marriott hotel in Pakistan's capital of Islamabad that killed 54 and injured 266 people has once again highlighted the elevated level of terrorism risk in the country.

The attack on the Marriott Hotel in Islamabad did not come as a surprise to many people within the counter terrorism field. First, the Marriott Hotel in Islamabad has been targeted twice before in bombing attacks in October 2004 and January 2007. Second, the appointment of Asif Ali Zardari as President has triggered an upswing in activities among Pakistani jihadi groups. Third, since 2001, the Marriott hotel chain has been the victim of six terrorist attacks mounted by Al Qaeda and associated jihadi terrorist groups across the globe. Further attacks should be expected against Pakistani government buildings as well as American installations in the country.

The blast targeted a very prominent landmark in the capital where foreigners and key Pakistani government officials often interacted. The residences of the President, Prime Minister, Chief Justice, as well as the Parliament building, Supreme Court, and almost all ministries are all located within a 1-kilometer radius of the hotel. As security at military bases, embassies, and other government facilities increases, we have seen a trend among terrorists in targeting softer targets such as hotels. Moreover, by their basic nature, these locations must remain open and thus find it difficult to exclude those with hostile intentions.

This attack is likely the work of Al Qaeda linked jihadists who are retaliating for the ongoing counter insurgency operations being conducted by the Pakistani Army in the country's northwestern areas and of the U.S. strikes in the tribal area. According to several reports, the key suspect is Qari Saifullah Akhtar, the leader of the Harkat-ul-Jihad-al-Islami (HuJi), a close affiliate of Al Qaeda. Akhtar is believed to be behind the attacks because the method of the bombing and the nature of explosives resemble four previous vehicle bomb attacks, carried out by suicide bombers from HuJi in Lahore, Islamabad and Rawalpindi earlier this year.

According to forensic investigators, the size of the truck bomb used was estimated to be at about 1,300 pounds. RDX and TNT packed with artillery and mortar bombs were used in the bombing. Two explosions occurred in the same vehicle one after the other. The first blast occurred when the suicide bomber blew himself up after ramming the dump truck into the main gate. The second blast occurred when the first explosion ignited the explosives at the back of the dump truck about four minutes after the initial blast. The blast caused extensive damage to the hotel and started a massive fire.

While it is true that aluminum powder was used in the explosive mix as an incendiary agent, the reason behind the massive fire was mainly due to a ruptured gas pipeline that triggered a huge blaze that engulfed the hotel. This is a common source of fire following an earthquake, and the reason for improved seismic design of gas pipelines. Modern buildings in the U.S. have more sophisticated gas control systems than seems to have been the case in Islamabad – the result of improved engineering standards adopted following from earthquakes and other accidents causing big fires in the past. It is unlikely that such a big fire would be triggered by a similar blast in a U.S. city, but not entirely impossible.

Pakistan is in the highest category of terrorism risk in RMS' Global Terrorism Risk Model and is ranked second in the world by average annual casualty rate. As with other countries likely to be attacked by radical Islamic militants in Pakistan, terrorists can be expected to revisit places of past success, particularly soft targets that are difficult to defend. In regards to the blast itself, our assessment is that conventional blasts generally have a low likelihood of triggering large scale fires, and our U.S. modeling currently reflects this view. However, we keep this under constant review based on current events.

THE RATIONALE BEHIND AN IDEOLOGICAL RESPONSE TO AL QAEDA

In the post-9/11 environment, it has become increasingly clear that the threat of terrorism is not only a military issue but an ideological one. By propagating their ideology, groups such as Al Qaeda can successfully indoctrinate sympathizers, mobilize supporters, and generate new recruits. Thus, to counter the threat posed by Al Qaeda and their affiliate groups, not only must its operational infrastructure be destroyed, its conceptual underpinnings have to be dismantled.

The act of terrorism is an ideologically-driven phenomenon. Individuals often resort to the use of terrorism because they have a vision of the future that they yearn for, and which they do not believe will materialize without the use of violence. This vision of the future is articulated through a set of ideas and values meant to inspire individuals. Religious ideologies add a spiritual dimension to this appeal, and thus can be a more powerful motivator for action by justifying an individual's need to resort to violence in order to achieve God's will.

Osama Bin Laden and Ayman Zawahiri have attempted to position themselves at the forefront of the Salafi-jihadi movement. This approach can be seen in statements issued over the past few years by senior Al Qaeda cadre, as well as other Salafi ideologues. The ideology motivating Al Qaeda and its affiliated groups stems from an extremist interpretation of Sunni Islam known as Salafi-Jihadism. This doctrine calls for the restoration of authentic Islam, using the strategy of violent jihad. This heretical view of Islam poses a particular dire challenge if left unimpeded; as such ideology could potentially radicalize Muslim communities, thereby providing new recruits to their cause.

Moreover, Al Qaeda is investing greatly in propaganda and concentrating on ideological indoctrination to inspire and instigate the wider Muslim community to sustain their cause. To build support for their cause, Al Qaeda seeks to exploit local grievances, from political oppression to a lack of economic opportunities among the Muslim Community. This ideology which resonates in the Muslim world because of several pre-existing perceptions and environmental factors, including a sense of crisis, humiliation, impotence and resentment directed at their domestic rulers and Western allies. Until now, the ideological battle has been sadly overlooked. Most of the counter terrorism strategy implemented comes in the form of targeting its leadership, crippling its command and control, and disrupting its current and future support bases. While such a strategy has been effective in curtailing the functional space in which Al Qaeda can operate, it has failed to counter the radical ideology with which such groups are imbued. This is a strategic oversight, as a surviving ideology serves to resuscitate a terrorist group by providing a stream of willing recruits to replace those who were captured or eliminated.

Thus, any effective counter terrorism response should encompass not only the military dimension, but also the ideological one. Measures to disrupt and degrade a terrorist group's military and economic infrastructure should be complemented with actions targeting the terrorist group's political and ideological apparatus. As terrorism is a vicious by-product of ideological extremism, it is also essential that governments develop a robust ideological response to make it difficult for terrorist groups to win the "hearts and mind" battle. Programs which explore and encourage efforts to diminish the sources of mistrust and misunderstanding that harm relations between the Muslim and non-Muslim must also be carried out. This includes mobilizing moderate Muslims to empower them to advocate cooperation and non-violent solutions.

The war against Al Qaeda has evolved into an ideological battle. Al Qaeda has built an increasingly prolific propaganda machine, enabling it to communicate constantly and in numerous languages with loyalists and potential recruits worldwide. The effectiveness of Al Qaeda in propagating its ideology will be an important element affecting terrorism risk over the coming years.

TERRORIST RINGLEADERS CONVICTED IN LIQUID EXPLOSIVES TRIAL

Air travelers face the routine risk of liquid explosives being smuggled on board. Although there is a ban on bottles of liquid over 100ml, security officials fear that a combination of smaller bottles could be used to assemble a bomb that could bring down an aircraft.

For the past two years, airplane passengers have been subject to the inconvenience and delay of screening for liquid explosives. This additional security hassle was introduced immediately following multiple arrests of terrorist suspects in England on the night of August 9, 2006. According to Peter Clarke, then head of U.K. Counter-Terrorism, the timing of these arrests was at a critical point in building a case against them, but was moved forward for fear that the suspects might be tipped off by the sudden arrest in Pakistan of one of their contacts. A police raid on the suspects' homes found enough hydrogen peroxide to make at least twenty bombs.

A few days before the seventh anniversary of 9/11, the two-year trial of those arrested concluded with the three ringleaders being convicted of conspiracy to murder, but the jury was deadlocked on the main allegation concerning the plan to destroy aircraft en route from Heathrow to cities in North America. The British judicial system, one of the oldest and fairest in the world, demanded a rigorous standard of aircraft plot evidence that had not yet been achieved at the time of the arrests. The early arrests allowed a defense lawyer to plead that 'there was a childish and stupid plan put together by some deep thinkers.

Although this court outcome has caused astonishment and a little dismay in the U.K. government, the trial has reinforced terrorism risk modelers' understanding of the covert process of plot interdiction, and the counter-terrorism constraints on terrorist networks. Such understanding is key to estimating the frequency of successful attacks. First, there are obscure but significant connections between the terrorists involved in a string of U.K. plots stretching back to 2004. Members of various plots attended mosques and meetings run by the radical Islamist group Tablighi Jamaat, and were in Pakistan at the same time. As an example of inter-cell connectivity, Abdulla Ahmed Ali, the liquid explosives plot leader, was in telephone contact with Mukhtar Said Ibrahim, who was jailed for life for his role in the London underground bomb plot of July 21, 2005.

Secondly, it is clear that the greater the number of conspirators, the greater the chance that incriminating evidence will be obtained to secure court convictions. Spectacular plots often involve a sufficient number of operatives to facilitate network discovery, and to allow communications evidence to accumulate across the terrorist network. Thus for conspiracies more ambitious than the liquid explosives plot, involving more operatives, the chance of interdiction is even higher. Peter Clarke has remarked that the series of terrorist convictions in recent years has been a victory for the rule of law, and a vindication of the modern surveillance society. Surveillance is anathema to libertarians, but is the price paid for the comparative safety of the Western Alliance homelands since 9/11, and the low level of insurance losses in Europe and North America.

Complex ambitious terrorist plots are prone to interdiction, because of the web of communication links between the conspirators. But security and law enforcement officials need to gather enough evidence to secure court convictions. Surveillance is a key component of homeland security. Security preparedness of each country influences terrorist decision-making on targeting selection. Parameters such as defense and security infrastructure, capabilities of intelligence services and public awareness all define a country's effectiveness to prevent future attacks.

OTHER DEVELOPMENTS

A car bomb packed with an estimated 440 pounds of explosives blew up close to a building housing the Palestine Branch of Syrian military intelligence, September 27, 2008. The bomb blast was the deadliest single attack in Syria since 1986 when a bombing blamed on Iraqi agents left 60 people dead. While no one has claimed responsibility for the bombing, Syrian intelligence suggest that those responsible for the bomb attack were Sunni jihadists reacting to a possible crackdown by the Syrian authorities.

A series of explosions rocked the Indian capital New Delhi within a span of half an hour, September 14, 2008. The first explosion was reported in a crowded market near Karol Bagh. The second blast followed in Central Park of Connaught Place, another major hub for Delhites as well as foreigners. This was followed by two consecutive blasts in Greater Kailash-I's M-Block market. The last couple of blasts took place on Barakhamba Road, near Connaught Place in Central Delhi. Police sources confirmed 15 deaths and 100 people have been injured in this series of attacks. An obscure group, Indian Mujahedeen claimed responsibility for the serial blasts.

The GAO released a study on the capacity, or willingness and ability of the U.S. insurance industry to provide terrorism insurance, September 11, 2008. The study claimed that while commercial property terrorism insurance coverage appears to be available nationwide at rates policyholders view as reasonable, certain policyholders may face challenges in obtaining desired amounts of coverage or obtaining coverage at prices they view as reasonable. The policyholders experiencing these challenges were typically those that own high-value properties in areas where many large buildings are clustered, particularly in urban areas viewed as at high risk of attack, such as New York City, and to a lesser extent certain areas of other major cities, such as Chicago and San Francisco.

17 people have been killed in an attack on the U.S. embassy in the Yemeni capital Sanaa by a suicide bomber and armed fighters, September 3, 2008. A suicide bomber drove a car close to the U.S. embassy before detonating his explosives, leaving part of the building on fire. Armed men then attacked the embassy from a second car. A group called Islamic Jihad in Yemen has claimed responsibility for the attack and threatened to target the British, Emirati and Saudi embassies in Sanaa, Yemen.

MIT graduate Aafia Siddiqui appeared in federal court in New York City, August 4, 2008. Siddiqui, long sought for her alleged ties to Al Qaeda, was arrested by the Afghanistan National Police in July this year in Ghanzi. During her arrest, she was allegedly in possession of documents detailing chemical, biological and radiological weapon information and a list of potential targets that included the Statue of Liberty, Times Square, subway system and the Plum Island Animal Disease Research center. Until her arrest, Aafia Siddiqui was considered the FBI's most wanted woman in the world.

RMS TERRORISM PRODUCTS

U.S. Probabilistic Terrorism Model Version 2.7, released in August 2008 incorporates parameterization for terrorism risk in the United States in 2009. Some of the primary features include:

- Updated analysis of terrorism risk from foreign and domestic terrorist organizations
- Conventional and CBRN attack modes
- Multiple Risk Outlooks for the terrorism threat environment in 2009: expected as well as increased and decreased risk perspectives

New documentation *U.S. Terrorism Risk Model: Parameterization for 2009*, is available to clients on request.

RiskLink® and RiskBrowser® Version 8.0, released in August 2008 includes worldwide capability for exposure and accumulation management and modeling terrorism scenarios with geocoding available in over 150 countries, including street-level resolution for Western Europe.

Global Terrorism Risk Model Version 2.7, released in August 2008 includes coverage of 228 countries, incorporating site-specific EP curves and portfolio management capability. Modeling provides terrorism loss rates for insured assets by class, city, and ownership anywhere in the world. Risk assessment is available for both property and human exposures.

Terrorism Risk Management System Version 1.0, released in July 2008 is a visualization tool designed for underwriters and portfolio managers to gain greater insight into their exposure to terrorism risk and make more informed decisions. The Terrorism Risk Management System has been designed to simplify the visualization of quantitative and qualitative data along with contextualized terrorism-specific data layers.

Terrorism & Security Risk Manager is an online information service for insurers and risk managers, linked to the RMS Global Terrorism Risk Model. It is produced in collaboration with Jane's Information Group, the leading independent provider of defense and security information.