



Prime Minister

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Are you satisfied
with these arrangements,

Treasury Chambers, Parliament Street, SW1P 3AG
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subject to the
views of colleagues?

PRIME MINISTER

Yes Mr.

MS 18/12

At Cabinet on 19 November I was asked to investigate whether adequate insurance or compensation arrangements exist for the victims of terrorist attacks. We had in mind the increasing possibility of terrorist attacks in Great Britain giving rise to:

- a. the risk of death or injury to members of the general public;
- b. the risk of death or injury to public servants and office-holders; and
- c. damage to property.

I have reviewed the arrangements for each of these areas.

Injury to the general public

2. The Criminal Injuries Compensation Schemes (CICS) are widely drawn to compensate those who suffer death or personal injury "directly attributable to a crime of violence". Within certain earnings limits, compensation is assessed on the basis of common law damages and normally takes the form of a lump sum payment. However, to avoid double compensation for the same loss, the amounts under the CICS take into account any social security benefits and benefits payable under an occupational pension or injury benefits scheme, including benefits payable under insurance policies paid for by employers. This would include benefits paid by the State as



employer (paras 3 and 4 below). The Great Britain and Northern Ireland schemes are broadly similar, though the Northern Ireland scheme makes slightly more generous provision in the form of a minimum payment for widows and children.

Injury to public servants and office-holders

3. There are long-standing injury benefit schemes for civil servants and members of the Armed Forces who are killed or injured during, or as a direct result of, their employment in the service of the State. The civil service arrangements also apply to Special Advisers and, with appropriate modifications, to Ministers. Until comparatively recently it was not felt that the Judges needed similar protection. However, in the light of recent events, it has been agreed that, if they are injured or killed as a result of terrorist activities, they should be treated no less favourably than Ministers and civil servants. The arrangements for the judiciary are at present extra-statutory, but the necessary powers will be taken as soon as possible.

4. It has not proved possible to extend these arrangements to Members of Parliament, mainly because the terms of the civil service scheme are simply not applicable to the circumstances of their work. Instead, in February 1980, the House authorities extended the terms of the Group Personal Accident Insurance Policy for Members and it now provides 24-hour protection against almost all risks. The premiums are paid from public funds and the main benefit is a lump sum of £70,000 in the event of death or serious disablement. In comparison, the civil service scheme provides for continuing payments - a guaranteed minimum income of up to 85 per cent of pensionable pay to an injured civil servant, or 45 per cent to the widow of a civil servant. (Annex A summarises the terms under the Civil Service, Parliamentary and Armed Forces Schemes. A note on the Group Insurance Scheme is at Annex B.)



5. Terrorism is not defined as such in the schemes. But in each of them the qualifying conditions are sufficiently widely drawn to cover acts of terrorism. The Civil Service Scheme, for example, applies to a person "who suffers an injury as a result of an attack or similar act which is directly attributable to his being employed, or holding office, as a person to whom the section applies". The CICS refers simply to "personal injury directly attributable to a crime of violence" 'Injury' for these purposes includes death.

Damage to property

6. In general, people are expected to insure themselves against damage to property and this covers damage by criminal acts, including acts of terrorism. However, claims in respect of most riot damage fall upon the Police Fund in the area concerned. The position is different in Northern Ireland where the scale of criminal damage led insurance companies to exclude damage from terrorism from insurance contracts. Because it is not therefore possible to insure against this risk, compensation is provided from public funds for damage and loss of profits. The need for this does not yet arise in Great Britain, because it is still possible to insure against these risks.

7. In the case of Government employees, Departments have discretion to make payments to an officer whose property is lost or damaged during the course of his employment. This would normally be taken to include losses incurred as a direct result of his employment as a civil servant. The same arrangements would be applied to Ministers and will, for example, allow compensation to be paid to Michael Havers and his landlady following the recent bomb attack on his London flat. In addition, it has been agreed that where a Minister or official, because



of his position, is faced with exceptionally high insurance premiums, a "topping-up" payment may be made so that insurance can be obtained.

Conclusions

8. In conclusion, therefore:-

a. The Criminal Injuries Compensation Scheme compensates members of the general public and their dependants for death or injury resulting from criminal acts including acts of terrorism. The compensation payable is broadly equivalent to what the person might be awarded by a Court of Law. It is not thought that the Scheme requires amendment in present circumstances.

b. Terrorist attacks on public servants and office-holders in Great Britain have been mercifully rare. Should such an attack take place in future, however, there are adequate arrangements to pay compensation for death, injury or damage to property incurred during, or as a result of, the person's official duties or position. These arrangements cover Ministers, officials, the judiciary and members of the Armed Forces. There are rather different, insurance-based, arrangements for Members of Parliament.

c. In Great Britain, private insurance is available against criminal damage to property including damage caused by acts of terrorism. Where Ministers and officials are exposed to exceptional risks, special arrangements can be made to assist in obtaining the necessary insurance cover.

9. I am sending copies of this minute to Cabinet colleagues and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G.H.'.

(G.H.)

18 December 1981