

Indian firms review security but hesitate at costs

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By Rina Chandran
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Dec 23 (Reuters) - The Mumbai attack sounded a wake-up call to Indian hotels and businesses over security and terror insurance, security experts said, but an economic slowdown and a tradition of penny-pinching could hinder improvements.

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Risk management has become a major priority after the Nov. 26-29 Mumbai attacks, which killed 179 people and have been blamed on Pakistan-based militants, said Raghu Raman, chief executive of security firm Mahindra Special Services

"Until now security was a poor second cousin to everything else," said Raman, a former army officer.

"But now, companies are making it a bigger priority and are conscious that they need to allocate more time and money to it."

The Taj Mahal and Trident hotels, which were among 10 Mumbai sites hit in the attack, have tapped international security services firms like Israel's Ares Group which have come rushing to set up offices in India.

Taj Hotels says it has implemented initial measures such scanners, vetting of employees and suppliers, and is deploying armed men in plain clothes at some of its properties.

"We all recognise it's a very different world in which we live," said R.K. Krishna Kumar, vice chairman of the Tata Group, which owns the Taj Hotels. "I believe this is a turning point for how the hotel industry views security."

With angry rhetoric increasing between India and Pakistan, security has been tightened at hotels, airports, malls, cinemas, office blocks and apartments across India.

But while 5,000-odd private security firms are seeing greater interest, only a handful can provide specialist services, said Ratan Shrivastava, a defence analyst at Frost & Sullivan.

"Corporate India is only now waking up to the need for going beyond checking bags and vehicles, because we are facing a different kind of aggressor, a different environment," he said.

The Ares-APS venture, for example, provides psychological profiling, maritime security and counter-terrorism training by former armed forces officers and intelligence experts.

Most companies though, are simply buying cheap metal detectors and don't have a proper plan because they just want to be seen to be doing more mainly to reassure workers, Raman said.

"Plus, the economic slowdown makes it harder," he said. "Even if you want to focus on security, you may not have the budget."

Such constraints could also stop companies choosing terror insurance, which is typically an added provision to standard fire policies, said Radhakrishna Chamarty, director of India Insure Risk Management & Insurance Broking Services.

India's general insurance companies are all allied to a common pool for terrorism insurance, set up in 2001, with premiums collected in and claims settled from the pool.

While large companies had opted for the coverage, smaller firms held back because attacks in recent years have mostly been in public places such as railway stations and markets.

Now, even smaller companies are keen, Chamarty said, but all businesses still view insurance as an expense that can be cut.

"The discussion doesn't centre on risk management," he said.

"It's still about price and they negotiate to the last bone, especially now, when they are keen to reduce premium outflow." (Editing by Paul Tait and Sugita Katyal)

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