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Kidnapping for Ransom: A Fateful International Growth Industry

By Frank Zuccarello

A global economy offers enormously rich rewards, along with more than enough dangerous risks. Although accurate statistics are difficult to come by, estimates indicate there are anywhere from 12,500 to 25,000 kidnappings a year worldwide. Then, depending on the source, that figure is up 100 percent in the past half-dozen years.

That's not all. There's one estimate that only 11 percent of kidnapping victims are freed without a ransom payment. On the flip side, another source maintains that 40 percent of all victims are unharmed and safe after a ransom has been paid.

Yet, all this is only part of the kidnapping and ransom (K&R) story worldwide. It appears that reported kidnappings could account for only about 10 percent of those that occur. Such a low figure may explain why many potential victims ignore warnings, particularly about traveling in well-known international "K&R hot spots."

With so few kidnappings in the news, it's easy to explain why the risks may appear insignificant and not much to worry about.

There's another factor that serves to mitigate concern. While anyone traveling in high-risk areas is a potential victim, celebrities, athletes and corporate executives also can be prime targets. Even so, it's often difficult to convince entrepreneurs, for example, that they need to take K&R risks seriously, particularly when their minds are focused on the objective of their travel, whether it's opening a new plant, acquiring a new business unit or closing a deal.

In the same way, corporate executives and entrepreneurs are experienced risk takers and are less than eager to be viewed as vulnerable. They tend to see themselves as invincible and exempt from harm; they won't let the possibility of a kidnapping, keep them from reaching their goals.

Without question, K&R "hot spots" deserve special attention. Although Latin

America has only 8 percent of the world's population, there has been a 66 percent increase in kidnapping for ransom. After a 10-year decline, kidnappings are again on the rise in Columbia. Incidents in other South American nations are also increasing.

Nearest to home, kidnappings in Mexico are a huge growth business starting right on the U.S. border. The figures range from \$8,000 to \$12,500 a year.

Griffin Underwriting Ltd., in Guernsey, U.K., indicates that kidnappings in Mexico jumped 317 percent in the past five years. And it estimated that 75 percent of the cases go unreported. It's also worth noting that the victims aren't just wealthy executives. Thousands are said to involve employees with salaries from \$2,400 to \$6,500 per month who are held for ransom.

The problem is also nearer to home. "Phoenix, Arizona has become the kidnapping capital of America, with more incidents than any other city in the world outside of Mexico City," Griffin Underwriting said. Investigated kidnappings in Phoenix are estimated to have topped out at 200 in 2010. And, because of its proximity to Tijuana, the danger in Southern California may be escalating.

While there are conflicts in the estimated figures and some of sources remain unclear, there's consensus that the problem is enormous — and increasing.

War zones are extremely dangerous, particularly Iraq and Afghanistan, as well as nearby Pakistan and, of course, the notorious Yemen, where commandeering ships and their crews for ransom is legion.

In just about every region of the world, kidnappings can and do occur, including Africa where they often involve humanitarian workers.

To highlight the potential danger, the statistics indicate that anywhere where there is political and social unrest, the possibility of becoming a kidnap victim is present.

Given such serious conditions, employers



and other personnel going abroad should be advised of the following guidelines that can help to avoid becoming a K&R victim:

- Perform a risk review before traveling. The goal for such a plan is to raise awareness and to become sensitive to the potential dangers on the itinerary.
- Become familiar with the "hot spots." Although some locations have long qualified for the "hot spot" list, new ones can appear overnight. Kidnappings can occur anywhere.
- Take the right precautions. To help avoid being abducted, move about in well-lit areas and never go anywhere alone. Always be with those you trust. Stay in close contact with your host and don't deviate from the destination itinerary without clearing it with your host, because this person "knows the territory" and what can happen.
- Limit the access to your travel plans to a trusted few. If you don't know someone well, don't let it be known where you are traveling or even that you're planning a trip. You can never know who is listening.

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Kidnapping is a business in many parts of the world. The perpetrators often are organized, and they can and often do gather intelligence on possible victims.

Although Americans often have implicit trust in the police, in many locales going to the police can be a mistake, because they may be corrupt and party to abductions.

K&R insurance can be useful when traveling to locations where U.S. companies have expatriates employed or destinations where corporate executives and celebrities visit.

While there are insurance policies that provide reimbursement, other considerations deserve an equal amount of attention. For example, credible K&R insurance policies cover unlimited expenses for the services of experienced crisis management teams, which include highly skilled professionals such as former CIA and secret agents, and ex-military police personnel. Its purpose is to negotiate the safe release of kidnap victims. If a ransom is required, they are skilled at negotiating as little payout as possible, with

safety as the top priority.

Anyone buying K&R insurance should keep the purchase confidential; potential kidnapers may view such insurance as a source of ransom funds.

Because K&R insurance is typically purchased from property and casualty insurance brokers, they must have adequate information to ensure the coverage is appropriate. Following are examples of the information necessary to properly underwrite a policy:

- What's the person's travel plans in the coming 12 months? This helps determine patterns and possible exposures.
- How does the individual typically go about developing new business? Because many top executives, for example, are so keenly focused on the goal of their travel, it's important to understand what that entails.
- How familiar are travelers with their destinations and how well are they known in those locations, particularly the "hot spots"? Such information is not only helpful in the underwriting process, but for a crisis man-

agement team, as well.

It's also worth pointing out that the cost of K&R insurance is modest. For example, a \$5 million dollar policy for one year with non-hazardous travel that includes the services of a crisis management team is about \$2,000. If travel is to high-risk areas, such as Columbia, Venezuela, and certain other South American countries, there are additional premium costs. Coverage is available for individuals and their family members, as well as corporations and their employees.

The possibility of a kidnapping is one of the bigger challenges faced by a growing number of U.S. travelers, whether vacationing or on business. If the current pattern persists, there will be more kidnap victims and payouts in the years ahead. **■**

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