



Avoiding a World Cup Red Card

By: **Edward Tafaro** | June 1, 2014

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On June 12, the 20th FIFA World Cup tournament kicks off in Brazil. Hundreds of thousands of soccer fans from all over the globe will pour into the country to cheer on 32 national teams as they compete for the title of world's best. Behind the scenes, however, organizers and government officials have made security a major priority as the potential for terrorism, crime and civil unrest looms large.

The event comes on the heels of the 2014 Winter Olympic Games in Sochi, where headlines before play began warned of possible dangers like "black widow" suicide bomber attacks. The question is whether World Cup spectators will also face a threatening situation, but for different reasons. Last June, demonstrations and riots took place throughout Brazil during the 2013 FIFA Confederations Cup, a warm-up event to the

World Cup. More than a million people took to the streets to not only protest the amount of government spending on preparations for the games, but to express deeper concerns regarding government corruption and financial mismanagement. The First Capital Command, the country's largest drug cartel, even threatened to organize a "World Cup of Terror" during the games, vowing that the mass violence that had ignited in the Brazilian streets would not subside in 2014.

So what does this mean for the estimated 600,000 people who will travel to Brazil to watch their home teams in stadiums around the country? To answer that question, it is important to first understand conditions in Brazil.

Crime in Brazil

There is no denying that Brazil

has a crime problem. There are regular robberies, muggings, kidnappings and even "quicknappings," in which criminals abduct victims from outside banks or ATMs in order to receive a quick payoff from the victim's family, business or ATM cards.

A 2013 study by the Latin American Studies Center (Cebela) found that, from 1980-2011, more than one million people were murdered in Brazil. During that 30-year period, the homicide rate climbed 132%, from 11.5 murders per 100,000 inhabitants in 1980 to 27.4 per 100,000 inhabitants in 2011-the seventh-highest rate in the world. What's more, only 8% of reported crimes are solved.

To their credit, Brazilian officials have not turned a blind eye to these problems, especially as they prepare for the World Cup

and the 2016 Summer Olympic Games in Rio. Since 2010, Police Pacification Units have been conducting operations in Rio to clear drug gangs and reduce intergang violence. The government also plans to employ 170,000 security personnel and spend almost \$800 million on security measures for the World Cup alone, calling it “one of the most protected sports events in history.” This reportedly includes high-tech measures such as unmanned surveillance aircraft and multi-use robots that can analyze and remove suspicious packages. Brazil’s President Dilma Rousseff expressed confidence that the country’s efforts will be successful. “We will guarantee the security of fans, tourists, teams and the chiefs-of-state that will visit us,” she said. “I am certain we will host the Cup of Cups.” President Rousseff has also pledged to mobilize the armed forces for additional support, if necessary.

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Personal Protection

While homicide numbers and security measures are hardly what Brazil wants in its tourism brochures, they are clearly not enough to stop more than half-million soccer fans, corporate sponsors, executives and media from descending on the country. These individuals all need to understand how to stay safe.

Some travel advice is relatively basic. If you don’t want your iPhone snatched out of your hand by a thief on the street, leave it back at your hotel. The same goes for iPads, cameras, jewelry, laptops, credit cards, wads of cash and even passports: if you don’t need it, don’t bring it with you. A color copy of your passport should suffice while out on the town, and travelers need to keep no more cash on their person than is absolutely necessary. It is also helpful to try to blend in with the locals. White sneakers, a Hawaiian shirt, a \$900 Nikon around your neck and a Red Sox cap on your head screams, “I am a tourist. Please rob me.”

Traveling executives wear blinders of a different type, when visiting hot spots like Brazil. Corporate executives and entrepreneurs usually think of themselves as experienced risk-takers who are not easily intimidated and do not want to be viewed as vulnerable. It is not that they throw caution to the wind, but they often believe themselves to be exempt from harm. Not even the possibility of a kidnapping will keep them

from attending the World Cup, particularly if they have a monetary stake in the games, such as a corporate sponsorship. These individuals should strongly consider insurance. Few domestic carriers possess the ability, however, to underwrite large risks when there is a high-risk exposure in a hot zone. To get the job done, insurance advisors must work with large international insurers that are willing to deploy meaningful capacity.

When underwriting coverage in hostile areas, rates can vary based on multiple factors, such as security arrangements, travel vendors and length of stay. In very hostile areas, rates even vary down to specific latitude and longitude coordinates within a single city or locale. This coverage can encompass everything from accidental death, disability and dismemberment coverage to kidnap and ransom, evacuation, return of remains, extraction, and medical and emergency assistance.

In the past, such coverage often required multiple policies to properly protect travelers. This was a daunting task for both the insurance broker and the traveler, and often not very cost-effective. In the wake of Sochi, specialty underwriters have recognized the increased need for an all-encompassing traveler insurance policy and created one. By combining different forms of insurance under one

aggregated policy form and marrying that with security consulting, consumers and insurance advisors can acquire protection in a more streamlined fashion.

Coverage with this new product protects the insured immediately upon leaving American soil, but its value begins long before then. As a risk mitigation tool, underwriters are now providing their policyholders with a pre-trip World Cup security briefing that highlights various threats in the region and offers counsel on how to best mitigate those threats. International cell phone numbers are gathered and urgent security push notifications can be sent via text to policyholders if an outbreak of violence erupts.

Policies typically range from \$1 million to \$5 million but, for extremely wealthy travelers, limits up to \$100 million can be deployed. In the specialty insurance world, all men are not created equal-high-profile VIPs like soccer star David Beckham,

for example, will have to pay a lot more for coverage than two anonymous soccer fans from Iowa.

The possibility of a kidnapping is one of the bigger challenges, particularly when going to an event like the World Cup, where all the components are in place to create a volatile situation. And if current upward trends persist, we can expect that there will be more kidnap victims and payouts in the years ahead, even though many of these incidents never make the news.

As a result, the kidnap and ransom component of these travel insurance policies covers expenses for the services of experienced crisis management teams, which include highly skilled professionals, such as former CIA, FBI, Secret Service and military police personnel. Their purpose is to assist in negotiating the safe release of kidnap victims. If a ransom is required, they are skilled at negotiating the payout while making safety the top priority. (It

is important to note that anyone buying these policies should keep the purchase strictly confidential as potential kidnappers may view such insurance as a source of ransom funds.)

Of course, none of these dire warnings will stop the massive influx of people expected in Brazil this summer. "Violence is a part of daily life in Brazil and to assume that this will go away because people feel good about the World Cup is as irresponsible as it is naive," said Christopher Gaffney, a visiting professor at the Fluminense Federal University in Rio de Janeiro. Others, however, take a more optimistic approach. The World Cup's ambassador, soccer legend Pelé, insists the tournament will bring rewards for Brazil, "as long as people don't ruin the party mood."

But should that party mood sour, smart travelers will be glad they are protected. After all, staying safe is really the ultimate goal.



About the Author

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