

KIDNAPPING FOR RANSOM

A fateful international growth industry

By Frank Zuccarello

A global economy offers enormously rich rewards, along with more than enough disturbing and 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% in the last half-dozen years.

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

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

With so few kidnappings hitting the news, it's easy to explain why the risks may appear rather insignificant, really 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, media attention to the problem focuses on high visibility

celebrities, athletes and corporate executives as prime targets.

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 addition, corporate executives and entrepreneurs are experienced risk takers who aren't easily bothered by anything negative and are less than eager to be viewed as vulnerable. Incredibly optimistic, they tend to see themselves as invincible. It's not that they throw caution to the wind, but that they believe themselves to be exempt from harm. They're not about to let anything, even the possibility of a kidnapping, keep them from crossing the goal line.

Hot spots

Without question, the kidnapping "hot spots" in the world deserve special attention. Latin America has seen a 66% increase in kidnapping for ransom. After a 10-year decline, kidnappings are again on the rise in Colombia. Unfortunately, incidents in other nations in the region also are increasing.

Kidnappings in Mexico, for example, are a huge growth business. The figures range from 8,000 to 12,500 a year and, according to estimates by Guernsey-based Griffin

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Underwriting, Ltd., 75% of the cases go unreported. Griffin goes on the note that kidnappings in Mexico jumped 317% in the last five years. It's also worth noting that the victims aren't just wealthy executives. Thousands are said to involve employees with salaries ranging from \$2,400 to \$6,500 per month.

But, probably the most disturbing fact is that "Phoenix, Arizona, has become the kidnapping capital of America, with more incidents than any other city in the world outside of Mexico City," according to Griffin Underwriting. Investigated kidnappings in Phoenix are estimated to have topped out at 200 in 2010.

And, because of Southern California's proximity to Tijuana, the danger there may be escalating.

While there are conflicts in the estimated figures and some of the 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 and no one is completely safe. In Africa, kidnappings often involve humanitarian workers.

The statistics make one point very clear: wherever there is political and social unrest, the possibility of becoming a kidnap victim is increased.

Given such serious conditions, here are guidelines that can help avoid becoming a kidnap victim. They apply to anyone, but they are particularly relevant to corporate executives and other high profile individuals:

- **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 your itinerary.

- **Become familiar with the hot spots.** Although some locations have long qualified for the hot spot list, new ones can appear overnight.

- **Take the right precautions.** Remember, kidnappings can occur anywhere. 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, since 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 never know who is listening. Kidnapping is a business in many parts of the world; the perpetrators are organized and they can and often do gather intelligence on possible victims.

Although Americans grow up having implicit trust in the police, in many locales going to the police can be a major mistake, since they may be corrupt and party to abductions.

Kidnap & Ransom insurance

Kidnap & Ransom insurance is another step to take when traveling to dangerous locations.

While there are insurance policies that provide reimbursement, there are other considerations that deserve an equal amount of attention.

Credible Kidnap and Ransom insurance policies cover *unlimited* expenses for the services of experienced crisis management teams, which include highly skilled professionals such as former CIA and Secret Service agents and ex-Military Police personnel. These individuals will be involved in negotiating the safe release of the 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 Kidnap & Ransom insurance should keep the purchase strictly confidential, potential kidnapers may view such insurance as a source of ransom funds.

Since Kidnap & Ransom insurance is typically purchased from property/casualty insurance brokers, they must have adequate information to make sure the coverage is appropriate. Here are examples of the information that's necessary to properly underwrite a policy:

- **The insured's travel plans for the next 12 months.** This helps determine patterns and possible exposures.

- **The purpose of each trip.** The executive's goals in making the trip can often impact the likelihood of a kidnapping.

- **The insured's familiarity with the destinations.** This is a two-edged sword, since it often means that the insured understands the risks involved in the area and will take measures to avoid them, but could also mean that he or she is well known in the area which could increase the chances for being kidnapped.

Such information is not only helpful in the underwriting process, but

for a crisis management team, as well.

It's also worth pointing out that the cost of Kidnap & Ransom insurance is modest. The premium for 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. Premium costs for coverage for travel to high-risk areas is higher. 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, 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. ■

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