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Kidnap & Ransom: Understanding the Risk

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Goals for the Discussion

- ✓ Define and distinguish different types of kidnapping risk
- ✓ Explain why kidnapping flourishes in certain regions of the world
- ✓ Provide an outline of who is at risk, and where
- ✓ Provide suggestions for mitigating risk, including Crisis Management Teams
- ✓ Discuss the role of a security consultant and insurance

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Kidnap & Extortion Risks



Classical

- For ransom cases
- Ideological cases

Telephone & E-mail Extortions
& Virtual Kidnappings

Express Kidnapping



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The Business of Kidnapping

Kidnapping has always been about one thing; the money.

"Images of fanatical, politically-charged terrorists still inform opinions about kidnappers and their motivations, and kidnapping tends to be seen as an irrational, cultural phenomenon rather than a crime that we can map, understand and predict."

"These [low-level terror] groups are in it for the money, and they either ransom hostages directly, or sell them upwards to larger groups."

- Rachel Briggs, "The Kidnapping Business"




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Kidnappers Flourish in Predictable Environments

Like any business, kidnappers evaluate a Risk to Reward Ratio:



Risks: Penalties, Prosecution, Detection


Rewards: FDI, Multinationals

Reasons for investment (ex. Natural resources)

Leads to a burgeoning middle class

Creates ability to pay

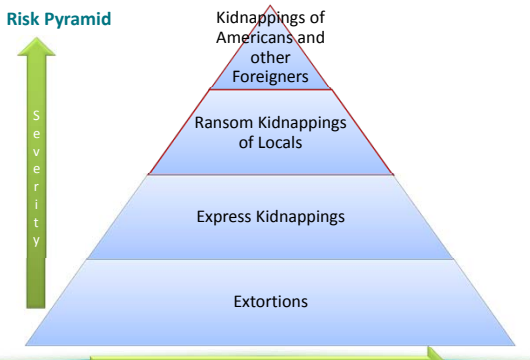
Rachel Briggs, The Business of Kidnapping - 2001



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Risk Pyramid



Severity ↑


Kidnappings of Americans and other Foreigners

Ransom Kidnappings of Locals

Express Kidnappings

Extortions

Frequency →



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Kidnappings by Country

Stats are notoriously poor, and are likely underreported:

- Mexico - 5,000 to 7,000
- Venezuela – 2,000
- Brazil – 1,000
- Gulf of Aden/Indian Ocean – 250
- Nigeria - 400
- India - 250
- Haiti – 200
- Colombia – 160
- Philippines - 150
- Pakistan – 100

Western Hemisphere Risks

Expatriates and Local Managers are typically at HIGH RISK:

- Mexico – Severe problem; Mexicans mainly at risk
- Venezuela – Underreported; Government hostile
- Haiti – Serious problem
- Honduras – Locals at risk
- Guatemala – Locals at risk
- El Salvador – Improving
- Dominican Republic – Occasional cases
- Ecuador – Occasional cases
- Colombia – Improving but government forbids ransom payments
- Brazil – Brazilians at risk
- Argentina – Mainly locals

Eastern Hemisphere Risks


Foreigners are typically at HIGH RISK:

- Algeria/Southern Sahara - Niger, Mali, Mauritania, Northern Nigeria, Northern Cameroon
- Nigeria – Foreigners at risk in Delta, Lagos and throughout
- Kenya (all of Africa)
- Somalia – Kidnapping and piracy
- Pakistan – Foreigners highly sought
- Afghanistan – Foreigners
- India – Indians at risk
- Iraq – Both locals and foreigners remain at risk
- Syria/Lebanon – May be temporary
- Philippines – Mindanao
- China – Wrongful detentions
- Russia – Occasional cases
- Chechnya – Avoid
- Western Europe – Odd cases involve super-rich

Risk of Classical Kidnaping for Ransom for Travelers

Travelers are typically at LOWER RISK:

- ✓ Kidnappers rarely have time to investigate or surveil.
- ✓ Anonymity & low-profile is their greatest protection.
- ✓ Exception is "Risk Transfer" - Taken as target of opportunity because they are in a car with a high-profile resident. Get around independently in low-profile vehicle of mid-level employee or by limo/hotel taxi.
- ✓ In some cases, protection may be appropriate.

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Risk of Classical Kidnaping for Ransom for Expatriates and Locals

Expatriates and Local Managers are typically at HIGHER RISK:

- ✓ Kidnappers can identify them as potential targets.
- ✓ They will be subjected to hostile surveillance.

Key to their protection is:


- ✓ Behavior modification – being unpredictable in movements
- ✓ Having the ability to detect surveillance
- ✓ Armed bodyguards and armored vehicles are sometimes necessary

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Insurance and Responders

Insurance is available, and provides access to professional help

- Provides reimbursement to the insured organization.
 - Insurance does not provide money for ransoms, nor does the company pay ransoms.
- Carriers generally partner with a security response firm to provide immediate help in the event of an incident.
- Kidnaping includes demands against the company or an insured person
 - Insured person is generally very broad, and includes any employee, relatives, guests on premises, etc.
- Expenses are covered, and include:
 - Security consulting fees, PR, Travel & Accommodations, Legal Advice and Security Guard Services.

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Insurance and Responders

Underwriting Considerations



- Nature of Business
- Total Revenue
- Number of Employees
- Foreign Locations as well as Travel Pattern
- Security and Exposure Awareness
- Loss Experience

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