



HOW KIDNAP & RANSOM INSURANCE CAN KEEP EXECUTIVES SAFE

BY TERRENCE TRACY

As the bright Mexican sun was immediately replaced with total darkness, Tim struggled to catch his breath through the black nylon bag that had been thrown over his head.¹ Within seconds, zip ties bound his wrists, and he was shoved into what he guessed must have been the back of a van. Tim heard muffled, unfamiliar voices through the squealing of tires as he was rushed off to an unknown destination.

Tim, CEO of an international engineering firm, had traveled without incident from his corporate headquarters in New York to cities throughout Mexico dozens of times.^{2, 3} And though Tim was aware that areas of Mexico were dangerous, he never entertained the possibility that he would count himself among the 15,000 to 30,000 people reported kidnapped each year.⁴ (He failed to account for the fact that the actual number of kidnapping incidents is much higher; an estimated 90% of kidnappings go unreported.)⁵ Reality began to sink in as he felt the van turn off a paved road onto one of sand and gravel.

¹ This is a fictional example for illustrative purposes.

² Mexico ranks first globally for reported kidnappings, followed by India, Pakistan, Iraq, and Nigeria. Atlas.

³ While all businesses face the threat of kidnapping, engineering firms are among the most frequently targeted. Other fields include: aviation; oil and gas; energy and mining; pharmaceuticals; maritime; higher education, and; charities. AXA, AIG.

⁴ Studies provide different totals for annual kidnapping incidents; 15,000 – 20,000 by one calculation, and 25,000 – 30,000 by another. AIG. Ironshore.

⁵ AIG.

As is the case with many c-suite executives and top-level managers traveling internationally for business, Tim's mind was focused on matters unrelated to his personal safety. The security consultant, whose services were secured through his firm's kidnap and ransom (K&R/special crime) insurance, had provided Tim with tips to minimize the risks that accompany international travel. Among many other helpful suggestions, they had warned him to avoid carrying large sums of money, alter routes and departure times, and make copies of visas and passports to keep in a separate location.⁶ Tim had made some changes to his traveling habits, but was now regretting that he had not taken each of the security consultant's recommendations to heart.

Even in this time of crisis, Tim was very relieved that his company had made the decision to purchase kidnap and ransom insurance for the past few years. He knew that the carrier's security consultant would be immediately dispatched to handle every aspect of the hostage recovery efforts, including negotiating with the bad actors, communicating with law enforcements, briefing his family, and delivering the ransom.⁷

He shuddered when considering the limited options his company would have been faced with in the absence of a kidnap and ransom policy and the expertise provided by the accompanying security consultants.

Would someone at his company try to negotiate directly with his captors? Would they reach out to the local authorities, and did they possess the requisite trustworthiness and expertise to arrange for his safe return? Yes, Tim was grateful that those were questions that needed no answer. As soon as Tim's firm was made aware of the situation, the kidnap and ransom carrier was contacted, and within hours the security consultants were in touch with the captors. They expertly navigated the volatility of the crisis, arranged for the successful delivery of the \$2 million ransom demanded, and quickly reunited Tim with his family, unharmed.⁸

⁶ Other recommendations include: be aware of your surroundings; keep a low profile and do not carry on loud conversations; do not discuss plans or itineraries in public, and; do not advertise corporate affiliations. AIG – NYA.

⁷ Some security consultant services also include brand reputation protection, global deployment, and 24 hour availability. Chubb.

⁸ The average ransom demand exceeds \$2 million, and the estimated worldwide kidnap and ransom payments approximate \$1.5 billion. Atlas.

WIDE-RANGING BENEFITS OF K&R INSURANCE

Receiving a ransom note is enough to throw anyone into a paralyzing shock. Most companies lack the expertise to independently determine the best course of action, and taking the correct steps is critical in getting a hostage home safely. Trying to locate and retain negotiators, communicate with law enforcement, and brief the victim's family, all while running a business, is too tall a task to undertake in the midst of a crisis. A plan must be identified and experts put in place in anticipation that the unthinkable might occur.

As highlighted in the previous scenario, hostage situations are never anticipated, and having a support team available at a moment's notice can make an enormous difference in an organization's recovery efforts. Kidnap and ransom insurance is a critical investment for businesses across all industries. The policies provide "pre-loss" consulting services, mitigate an organization's financial exposure during a hostage situation, and provide expertise that can exponentially increase an organization's chances of recovering the kidnapped person. However, this cost-effective and service-rich insurance coverage remains one of the most overlooked insurance policies of businesses large and small across the U.S.

The threat of kidnapping while traveling is very real for businesses across all industries; a company and its management team cannot afford to be unprepared when a crisis occurs. Kidnapping may be low on an organization's list of business threats, but the safety and wellbeing of a company's employees and family members must be a top priority. Kidnapping is an unfortunate reality when traveling, especially abroad, and the optimal response comes in the form of a kidnap and ransom policy, with its emphasis on risk mitigation and crisis management, and its coverage for expenses and financial loss.

⁹ Many kidnap and ransom policies include coverage for directors and officers, employees, and their families, whether traveling for business or pleasure. Beazley.



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