

Kidnap, Ransom and Extortion

They are crimes often associated with one or two select areas, but kidnapping, hostage-taking, piracy and extortion are now appearing more frequently and in more locations throughout the world. Traditional hotspots are Mexico, Venezuela, Brazil and Colombia, and the threat is spreading to areas like Iraq, Afghanistan, Somalia, Pakistan, Africa's Sahel-Sahara region, Kenya, Nigeria, India, China, Yemen and the Philippines.

As organisations continue to grow their global operations, companies in all industries and of all sizes face a greater risk that employees, executives, board members or their dependants, will fall victim to a kidnapping, extortion or detention incident.

This type of event not only threatens the life of the individual, but it may affect the morale of the workforce and opens the door to significant financial losses.

Working under pressure: outstanding service, unparalleled expertise

In a high pressure situation like a kidnapping, Liberty Specialty Markets (Liberty) works with specialist loss control and loss mitigation consultants to protect your clients before, during and after a crisis. At the same time, our locally based, integrated claims teams ensures clients receive the highest level of service and support, when it's needed most.

Liberty's Crisis Management team are industry leaders, providing unparalleled underwriting expertise and individually tailored solutions for brokers and clients.

Our global network – WorldAware

Liberty policyholders have access to WorldAware's global security services, led by Jack Cloonan. Mr Cloonan is a retired FBI Special Agent, previously Senior Case Agent on the New York Anti-Terrorism Task Force. In that capacity, he has participated in multiple high-profile KRE investigations over the last decade.

Intelligent risks

In the Asia Pacific region, WorldAware is represented by Intelligent Risks Pty Ltd, led by Neil Fergus. Neil's team have a wealth of experience in resolving crisis events for the corporate sector and government agencies, managing and mitigating the adverse impact on personnel, assets, operations and reputation.

The company has assisted in the management of corporate kidnap and ransom cases in Asia Pacific, Central America and Africa. They have also advised clients on major robberies, extortion demands, 'trusted insider' problems, and reviewed and mitigated a number of malicious product tampering events.

With access to WorldAware and Intelligent Risks, Liberty Kidnap, Ransom and Extortion (KRE) policyholders have the advantage in responding to and minimising the costs of these frightening events.

Covering financial loss

The potential financial losses arising from incidents including kidnapping, personal extortion, property extortion, cyber extortion and confidential information extortion are covered by Liberty's underwriting experts.

Covered losses could include ransom monies, loss in transit, consultant and advisor costs, judgement, settlements and defence costs, expenses and personal accident.

Liberty also provides coverage for investigation expenses as a result of a disappearance, hostage incident expenses, threat expense and evacuation and repatriation costs as part of the standard wording.

Kidnapping is not just something you see in the movies. It can happen, and it does happen. Here are a few real life examples:

Case study 1: On the way to school

When the son of a senior US software employee stationed in Bangalore, India was abducted on his way to school, the company went into crisis mode. The boy had been accompanied to the school bus stop by his nanny, when two masked bikers knocked the nanny to the ground and snatched the boy.

The family had taken all necessary precautions to protect themselves from such an attack – they lived in a gated community with guard protection and had armoured escorts to and from the residence. For their son to be taken in broad daylight was extremely unexpected.

The police were called but slow to act, and there was no communication from the kidnappers. Once the media heard of the incident, they descended on the employee's house, who by this time were overwhelmed and becoming increasingly fearful for the life of their son.

At this point, a crisis management consultant was called in to assist the family and the police. The consultant worked to handle the media and to script and coordinate a response for when the kidnappers made contact.

When the kidnappers made contact several days later, they sought a large ransom for the safe return of the young boy. Led by the crisis consultant, a ransom was agreed and drop site identified. The consultant also worked with police to ensure the kidnappers could not intercept the ransom.

This case has a happy ending: the child was finally set free and the police used evidence accumulated throughout the incident to locate the kidnappers and recover the ransom money.

Case study 2: Retrenchment pay-back

Decisions to retrench staff are often met with strong emotions. This was particularly the case for an Australian electronics company operating a plant in Tijuana, Mexico. When the plant's manager made an announcement outlining the redundancy of a number of staff, it generated an angry response from both the staff and local media.

Shortly after the announcement, the manager and his driver were stopped on their way home one evening, by what appeared to be Tijuana police. But the men were kidnappers and bundled the Australian manager into their car.

Two hours later, the kidnappers made contact with the manager's wife, telling her she had 48 hours to pay a large ransom or her husband would be killed. In the background, she could hear her husband crying for help. The wife called her husband's head office in Sydney, and the company called a Mexico kidnapping consultant.

The consultant brought the wife and other family members together to brief them on how best to proceed. He explained how best to negotiate to ensure the exchange would take place as arranged. A communicator was assigned from the family to be the link to the kidnappers.

The consultant also advised that it was best not to involve the local authorities, with the possibility of police corruption too risky for the victim in danger.

For three weeks, the consultant worked on an agreed timeline and negotiation strategy. As time passed, the kidnappers engaged with the negotiator in agreeing terms of exchange, and adhered to their promise to release the captured Australian manager. The ransom amount was paid and the victim was released.

Global reach. Financial strength. Local authority.

Distinct, complex and constantly evolving – every business is as unique as their insurance needs. To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty Specialty Markets offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to more than 26,000 of Asia Pacific's most significant business and government organisations – helping protect what they earn, build and own.

We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard and Poor's 'A' rating.

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