

FREQUENTLY ASKED QUESTIONS

Doesn't insurance against kidnap for ransom encourage the crime?

According to research, only around 1% of kidnaps are covered by insurance, which suggests that kidnapers, when choosing their victim, do not go out to find people who are insured. In fact there is no evidence that the perpetrators would even know if somebody were insured or not. It is a fundamental condition of the policy that its existence should be kept confidential at all times and the cover can be voided if this condition is breached.

It can also be argued that, far from exacerbating the crime, insurance actually helps to reduce its impact. Prevention and risk mitigation is an important part of the policy, so people with insurance may be more informed and thereby better protected against attack, than those without. If there is an incident, employing expertise to deal with it properly will generally also result in a lower ransom payment and more satisfactory outcome than in cases that are handled inexpertly.

Aren't clients with this insurance breaking the law in some countries?

No. The policy clearly states that the client is obliged to co-operate with law enforcement agencies in the country where the kidnap has happened. Clients must also comply with the appropriate laws and legal requirements both in the host country where the incident has taken place and in the client's home country. Our policy is, at all times, to comply with the appropriate laws in the client's host country.

Aren't there some countries where paying a ransom is illegal?

Yes, there are. However, the first objective of our policy is always the safety of the victim and in all countries the authorities recognise that victims of kidnapping have a right to life. Most will allow the payment of a ransom on humanitarian grounds.

In fact, merely banning the payment of ransoms does very little to curb the problem of kidnap. Many factors determine whether the environment is conducive to the crime. In some countries where ransom payments are illegal, there are still many incidents of the crime because of social conditions and relatively inexperienced law enforcement agencies that are unable to cope with the problem. Evidence clearly suggests that making the payments of ransoms illegal does not reduce kidnappings - it merely drives the activity underground and encourages families to pay illegally behind the backs of the authorities.

Furthermore, ransom negotiations with kidnapers can be a very useful weapon in gaining information about them, which can lead to their eventual arrest and conviction. This is certainly the case in the US where the FBI allows discussions about ransom as a way to open up the criminals' identity, with the result that most US kidnapers are caught.

The attitude of the Foreign Office - and many foreign governments - is not to pay whatever the circumstances. Isn't kidnap insurance undermining that?

No. It's worth remembering that many kidnap cases are settled every year without payment of a cash ransom. Our view is that it would be pointless to try and ban kidnap insurance as this would only encourage companies and individuals to circumvent the ban and make secret payments - which would make it much harder to catch the kidnapers. Co-operating with the law enforcement agencies is a fundamental principle of the cover.

Of course governments cannot be seen to sanction the payment of a ransom for government employees. When taking a government job, the employees are aware of this risk. But in those cases the kidnapers are often seeking a ransom payment that is not cash – for example, the release of leaders from jail or free passage out of a country.

Private companies, or families, do not have such forms of ransom payment to fall back on and have no option but to pay. Failure to do so could have severe consequences. No government should force a company to have an employee killed and no family would accept the argument that one of their loved ones should die unnecessarily.

Given that ransoms will therefore be paid in some cases, it is appropriate that the financial loss can be insured, as with any other risk.

Does every case result in a ransom payment?

No, many kidnaps do not involve the payment of a ransom. In some cases, the kidnapers are looking for non-financial benefits - be it services provided to their local community or the release of prisoners or other political concessions. In many instances, hostages are negotiated to freedom on humanitarian grounds, often with the assistance of religious figures or NGOs, without any ransom payment.

The utmost priority, in any case, is to ensure the safe release of the victim. It is never the decision of either the response consultant or the insurer to pay a ransom. The client will always make this decision, though the consultant will, of course, offer advice to help them. Obviously any ransom payment should be as small as possible in order to discourage further kidnap attempts and enable the client to continue with their existing business.

Who decides whether to pay and how much?

The client. Whilst the response consultant will offer advice throughout, the final decision always rests with the client. From an insurance point of view, the policy is one of reimbursement. Underwriters do not pay ransoms; they reimburse the loss after the event.

Doesn't the insurer get involved in the case?

No, the insurer pays the fees and expenses of the response consultant but there is absolutely no conflict of interest. During a case, the consultant works entirely independently of the policy and is under no influence from the insurer whatsoever when it comes to the advice they give. The response consultant's primary objective is to ensure

the safe release of the victim. They obviously also want to minimise any payment made as an excessive ransom payment may put the same family or other employees of the company at risk from future attack.

How long does the average case last?

This varies and can be anything from hours or days to a couple of years. It is not unusual in Colombia, for example, for a case to take a year to eighteen months to resolve.

What types of groups carry out this crime?

It varies from place to place. In countries such as Colombia or the Philippines, you are most likely to be kidnapped by guerrillas, whereas in Mexico, it is more likely to be a criminal organisation. In the former Soviet Union the threat is likely to come from Mafia-like groups whose main interest is in destabilising governments.

Is it only the very wealthy who are potential targets?

No, on the contrary, in recent years kidnappers in many parts of the world have shifted down a level and are abducting less wealthy victims from middle class families. This is partly due to the fact that the wealthier are taking better security and prevention measures against the crime.

In some parts of the world, foreigners - both expatriates and visiting business travellers - are also seen as a lucrative target, as kidnappers know that any company will be forced to act on behalf of an abducted employee. Recent high profile cases have also involved tourists and employees of charities and other NGOs.

Nobody is immune to kidnap - wealth is always relative to that of the gangs involved and motives differ. Potentially, with an increased terrorist threat world wide, we may see kidnappings emerging in countries which have been traditionally considered low risk.

Does the policy provide support and rehabilitation after the incident?

Yes, helping the victim and their family back to normal life is important. The policy offers the services of psychologists to provide support if it's required. The consultant on the case may form a close bond with the victim's family throughout the incident. In many cases the consultant will remain in contact and may also provide ongoing advice for some months after the event.

What is the cost of the insurance?

It varies depending on a number of factors: the number of people, where they live, where they travel to and what business they are in. Each policy is assessed individually on the basis of these factors.

Do you only provide annual cover?

No, insurance is available for short-term assignments of anything from a couple of days to several months and three-year options are also available.