

Kidnap, Ransom and Extortion



Executives are more vulnerable than ever to kidnapping and abduction.

Today's statistics show that frequent kidnapping targets are middle-class executives, including their families. More and more corporations have international operations, exposing executives and employees to acts of criminal activities and/or terrorist attacks. Worldwide terrorist activities are increasing; the total of annual kidnappings has doubled since 1994 as have the amounts that are demanded. These are alarming statistics. Companies need to address this exposure for the safety of their employees wherever they are located.

What would happen if you were faced with such a situation? Is your crisis management program or disaster plan ready to deal with a kidnapping? Is your personnel qualified? Can you afford to release large ransom payments? Most companies have little or no experience in handling kidnappings, hijackings or extortion incidents.

A risk transfer tool is a kidnap and ransom insurance policy, it is a viable business solution to this fast growing criminal activity.

To contact us:

Michael Di Marco, B.Com.
mdimarco@gplassurance.com
☎ 514-788-4412

www.gplassurance.com

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A K&R policy can:

- Mitigate financial impact to the company's bottom line due to large ransom payments and related expenses;
- Provide immediate access to expert consultants;
- Provide reimbursement of ransom monies, loss in transit of ransom monies, fees of professional negotiators, legal liability, death or dismemberment, recall expenses, repatriation expenses, additional expenses;
- Protect against extortion for threats against company persons, property, contamination of products, and computer systems;
- Reimburse for certain expenses such as hostage-negotiating fees, lost wages fees, consulting fees, death and dismemberment fees, medical costs, rehabilitation, travel, counselling, etc.;
- Provide advice and information on prevention, training, assistance to your employees in travel safety, site security surveys (some of these services may be at an additional cost);
- Provide an electronic monthly bulletin informing you on the changing security environment, depending on the insurance company chosen.

Those companies that can benefit from this coverage are:

- Those with employees and executives who travel, who are located overseas, including their family members;
- Companies involved in oil, energy, telecommunications, construction (with projects overseas or abroad), banking, utilities, mining, and manufacturing industries;
- Those with operations in high-risk territories such as Latin America, the Middle East, Africa, etc.

What is the cost?

- The cost of transferring the risk to an insurance carrier would vary depending on the number of employees; typically a company with about 500 employees with travel and overseas risks can see the premium cost anywhere from \$900 to \$1,500 per million and a little less if coverage is purchased on a three-year basis. The final figure depends on the protection, locations and number of personnel.

What about the types of wordings?

- Not all policies are created equally and as with every insurance policy there are many different options and one can make an important difference. For example, not all policies cover the fiancé(e) or a person residing with an insured employee or a person employed by the insured person. This small omission could lead to important ramifications both financial and safety wise. We know that there are a multitude of wordings, enhancements and amendments that can be negotiated to improve a K&R policy. At GPL, we will help you make a decision based on the options available.

Trustworthy professional services ▪ An unmatched expertise of the insurance market ▪ Advice on minimizing and managing your risks
▪ Advocacy of your interests during the claims process ▪ Solutions to complex problems

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