

Lead Report

Safety & Health

For Employers Conducting Business Abroad, Kidnappings Remain an Ongoing Concern

As opportunities for U.S. employers to conduct business in other countries increase, so too does the threat that employees working overseas will be kidnapped, security and risk management consultants told BNA Nov. 1-9.

Christopher Voss, managing director and leader of Insite Security's kidnapping resolution practice in New York City and a former supervisory special agent in the FBI's Crisis Negotiation Unit, said there are roughly "50 to 60 American business-related kidnappings annually."

Amir Lechner, founder of ThreatRate Risk Management in New York City, said professionals who monitor such crimes estimated that there were 75,000 kidnappings worldwide annually a few years ago. "Today, we're talking about 100,000 cases easily," he said, noting that only one in nine kidnappings is officially reported to law enforcement authorities.

"A lot of people are afraid of vengeance and repercussions for talking to the police—that the kidnappers might come back and hurt family members," Lechner said.

While kidnapping threats have always existed, the tactics kidnappers are using today are changing, partly in response to tighter security surrounding potential victims who have a high net worth, Lechner said.

This has forced kidnappers to now look at lower-level workers, he said, "those making money but who cannot afford bodyguards, armored vehicles, and to fortify their houses."

For employers, planning an effective response to the kidnapping of an employee often means getting input from a select group of leaders in the executive, accounting, security, human resources, and legal divisions, various sources told BNA.

Kidnapping Hotspots. The extent to which employees face kidnapping threats varies, depending on the country, sources said.

In addition to Brazil and India—two countries that are widely considered to be global leaders in economic development—and the region of Central America, other countries that currently pose the greatest kidnapping threats to employees are Mexico, Venezuela, Colombia, Ecuador, Iraq, Afghanistan, Pakistan, Nigeria, Somalia, and the Philippines.

In Latin America, Lechner said, business people, among others, are more likely to be the victim of an "express kidnapping," which involves abducting someone and forcing him or her to withdraw money from a bank or automatic teller machine. "You could be walking down the street and, either randomly or because

you were dressed nicely and looked affluent, you are kidnapped," Lechner said.

Lechner noted that kidnapping cases also have cropped up in Europe in recent years.

"Kidnapping for ransom, proven to be immensely lucrative by the criminal organizations of South America, is increasingly viewed as a profit center for Eastern European gangs," ThreatRate Risk Management noted in a November 2009 report titled *Europe: High Net-Worth Kidnapping is On the Rise*. "Due to the comparatively weak precautions taken by most high-net-worth individuals in Europe, a single high-value kidnapping can net more for a European gang than dozens of quick-and-dirty South American kidnappings."

Neither the State Department nor the FBI provided BNA with complete data on how many U.S. citizens have been kidnapped globally.

"Other employees will be watching how the company handles employee safety," said Margaret Spence of Douglas Claims & Risk Consultants.

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The State Department Nov. 10 issued a travel warning, however, about Colombia that in part said: "In recent months there has been a marked increase in violent crime in Colombia. Murder rates have risen significantly in some major cities, particularly Medellin and Cali. Kidnapping remains a serious threat. U.S. citizens have been the victims of violent crime, including kidnapping and murder."

It issued a similar warning Nov. 5 about conditions in Iraq, noting that "violence and threats against U.S. citizens persist and no region should be considered safe from dangerous conditions, including explosions, kidnappings, and other terrorist and criminal attacks."

A similar travel warning Oct. 19 about Nigeria noted that since January 2009, more than 111 foreign nationals—including 21 in 2010—have been kidnapped in Nigeria. "Six foreign nationals were killed in connection with these abductions," the State Department said, and "two U.S. citizens were killed in separate abduction attempts in Port Harcourt in April 2010."

Risk Management Strategy. Employers should establish a comprehensive risk management plan that addresses the needs of the kidnapped employee, his or her family, and other employees in the organization, advised Margaret Spence, president of Douglas Claims &

Risk Consultants in West Palm Beach, Fla., and a member of the Alexandria, Va.-based Society for Human Resource Management's special expertise panel on Employee Health, Safety, and Security.

She said families of employees who are kidnapped will want to know: "Will the company stand by them during their time of need? Will the employee's pay continue while he or she is missing? Will the employee's health insurance continue? Will the company pay the ransom if one is demanded? How will the company work with authorities to assist the family?"

Spence said it also is important for organizations to create a plan that conveys information to other employees and prevents them from panicking. The goal is to maintain cohesiveness, she said.

"Other employees will be watching how the company handles employee safety," Spence said. "Doing this wrong could send a bad message to employees who must continue travelling for the company."

"You never want the kidnapers to know the [kidnap and ransom] insurance exists and you never want the kidnapers to know the amount of the insurance an employer has," said Matt McKinley of McKinley International Risk Management.

Lechner said employers must decide the extent to which they want to share information with employees about the kidnapping of a co-worker. "I would recommend telling them what they need to know, but don't provide too much information," he said, in case the kidnapping was "an inside job," meaning another employee was involved.

"Employees need to know the company is helping and supporting the family," Lechner said. At the same time, he added, "Try to minimize how many people are involved in the case and how many people know about the case."

Kidnap and Ransom Insurance. A proactive step HR can take, Spence said, involves making purchasing decisions related to kidnap and ransom (K&R) insurance as well as liability insurance. "HR should be involved in all insurance purchase decisions," she said. "They must be at the table when liability insurance policies are negotiated and they must understand the corporation's exposure."

K&R insurance can include coverage for kidnapping, extortion, detention, personal accident, and permanent or total disability, said Matt McKinley, founder of McKinley International Risk Management in Malvern, Pa.

McKinley notes on his company's website that "high quality" K&R policies can cover ransom monies; full expenses for a security consultant; certain communication

equipment; fees and expenses of an independent negotiator; expenses for an interpreter or public relations consultant; travel costs for the family of the victim; certain psychiatric and medical fees; the reward paid to an informant; salary replacement for the insured or his or her spouse, and legal liability payments.

"With most good insurers, K&R insurance has to be kept very quiet," McKinley told BNA. "You never want the kidnapers to know the insurance exists and you never want the kidnapers to know the amount of the insurance an employer has."

Spence said it also is important for employers to have legal liability coverage.

"If an employee is kidnapped and the family feels that the company was negligent in handling the kidnapping, recovery, or negotiations—they will file suit," she explained. "Legal liability is always a slippery slope for employers but can be even more complex when an employee is kidnapped. HR has to be able to defuse the potential legal liability exposure with sound, well thought-out policies and procedures."

In addition, Spence said, HR should be involved in the employer's effort to select an insurance vendor. "And the vendor must be willing to work with HR to develop sound policies," she added. "It's not enough to sell [K&R] insurance and walk away."

Cliff Rudolph, technology practice leader at Paret, Smith, & Feek in Bellevue, Wash., said premiums for K&R insurance can vary significantly. "The severity of the location and the frequency that employees travel there will have an impact on insurance premiums," he said. "Review coverage and get multiple quotes from multiple insurance companies so you get the best value."

Attorney Steven Schneebaum, a shareholder with Greenberg Traurig in Washington, D.C., said some K&R policies exclude coverage for a kidnapping that is considered an act of war instead of kidnapping that is considered a criminal act. Employers should negotiate to have the policy terms written so that all kidnappings are considered criminal acts, Schneebaum said. "It's in the employer's interest that a kidnapping that is even vaguely foreseeable comes within the coverage," he said. "'Be careful' is the best advice. Insurance companies are trying to minimize their own cost and maximize their income, like everybody else."

Educate Employees. ThreatRate Risk Management said in its list of safety and security tips that companies should take safety precautions seriously. For example, the firm said, if an employee is to be met at an overseas airport, he or she should know ahead of time the contact's name and company.

Employers need to educate workers before sending them abroad, Lechner said. Employees working overseas should be familiar with the country's crime rates, law enforcement matters, as well as what areas to avoid, he said.

The good news, Lechner said, is that in the vast majority of kidnapping cases worldwide, victims are released after the ransom is paid.

BY RHONDA SMITH