



# Market Conditions

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## Kidnap & Ransom Insurance

By Emily Loupee

### INSURANCE MARKETPLACE

The marketplace for kidnap and ransom (K&R) insurance remained stable and competitive through 2015 and we expect this continue into 2016. Premiums are as low as \$600 per million for companies with limited foreign exposure (locations or travel). For companies with higher exposures including foreign travel and locations, the premium can range from \$1,000–\$3,000 per million of coverage limit. K&R coverage is broad, but broker expertise is needed to ensure the policy contains all essential enhancements, such as child abduction and cyber terrorism. Response firm relationships remained stable and the largest response firm, global risk consultant Control Risks maintains their primary relationship with Hiscox, as well as being accessible through Great American, Berkley and Zurich.

### THE FOREIGN LANDSCAPE

The number of foreigners kidnapped worldwide has spiked recently due to increases in Northern Africa and the Middle East (Syria, Libya) and in South America (Columbia, Venezuela, Mexico). In Mexico, there is an average of 10 kidnaps per month, an average captivity time of 30 days and an average settlement of \$200,000. In Syria and Libya, there is a combined average of 6 kidnaps per month with the average captivity at 90 days and average settlement at \$900,000. Overall, the highest rates of kidnap incidents in 2015 occurred in Mexico and Nigeria with over 50 incidences combined to date. An interesting data point for 2014 (since 2015 data is not yet available) is that 42% of victims worldwide were under the age of 16, with dependents accounting for 28% of kidnaps worldwide. According to Control Risks, 89% of worldwide victims in 2014 were locals in the countries in which they were abducted. Increased risk from the Islamic State continues to be a concern in Northern Africa and throughout Europe.

### UPDATES TO CARRIER/RESPONSE FIRM RELATIONSHIP

American International Group recently renewed its multiyear contract with NYA International, who just completed a management buyout from its former parent, Aon Group. NYA has provided crisis response services for AIG since 2011.

### VIRTUAL KIDNAPPING

A significant trend in 2015 is an increase in virtual kidnapping, which occurs when there is a purported kidnap that has not actually occurred including a ransom demand. The growth in the digital landscape makes it possible for criminals to make the ransom demand at just the right time when it is impossible to confirm that the alleged kidnapping is a hoax. This type of kidnapping has increased due to increasing availability of data and the low cost of the crime. Underwriters such as Hiscox confirm that there is coverage for virtual kidnapping under the standard K&R policy without the need for an endorsement, but this may vary by insurer so be sure to discuss coverage for virtual kidnap at renewal.

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Emily Loupee is a Vice President in Arthur J. Gallagher & Co.'s Management Liability Practice Group. This group focuses on providing insurance related to executive and management liabilities. For additional information, please contact Emily at [Emily\\_Loupee@ajg.com](mailto:Emily_Loupee@ajg.com) or visit [www.ajg.com/mlp](http://www.ajg.com/mlp).

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