

# Risk Management for Employees Traveling Abroad



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In many of the world's leading danger zones -- Mexico, Ecuador, Venezuela, Brazil and Colombia -- the kidnapping of North American executives for ransom has long been a growth industry. Today, as the age of corporate globalization collides with international terrorism, U.S. companies are expanding their risks as rapidly as they broaden their reach.

In Colombia, where more than 3,000 kidnappings occur each year and \$250 million in ransom payments are collected in a typical year, the kidnapping of Americans and other foreigners, along with well-to-do locals, has become a way of life for rebel armies and gangs of criminals.

Recent events in the Middle East, from the war in Afghanistan to growing Israeli-Palestinian violence, make that part of the world a danger zone unlike any other. The kidnapping and murder of Wall Street Journal reporter Daniel Pearl is a chilling cautionary tale for any organization with civilian employees stationed in high-risk countries.

Eager not to be left out of the kidnap and ransom mix, terrorist kidnapers in Malaysia and the Philippines have stepped up their activity, snatching and sometimes murdering American and other foreign tourists vacationing in remote areas of those countries.

And as recent media attention focused on the abduction of Captain Richard Phillips by Somalia pirates, we learn that kidnapping in Somalia has been a thriving business since 1990.

However, the kidnapping crisis is not restricted to foreign shores. Many Americans would be surprised to learn how often executive kidnappings occur in the United States. Bank branch managers and their families are at particular risk. Each year, the FBI investigates 350 to 400 domestic kidnappings, with ransom involved in one-third of the cases. Fortunately, executives kidnapped in the United States can count on the FBI and local police working on their behalf. This is not so if you are kidnapped abroad. In some foreign countries, the local and state police may be your kidnapers.

Unfortunately, while North American executives and their families are popular kidnapping targets, U.S. business has been slow to manage kidnap and ransom risks effectively. What's the best way for employers to prepare for and mitigate losses associated with kidnappings? The international risk management experts at Parker, Smith & Feek, Inc, an Assurex Global Partner and the area's leading commercial insurance brokerage, recommends any employer sending employees into high-risk countries purchase kidnap and ransom (K&R) insurance coverage.

Americans with K&R insurance are four times more likely to survive a kidnapping than non-insured travelers. Nonetheless, 60 percent of Fortune 500 companies and even fewer small businesses carry kidnap and ransom insurance coverage for their expatriate employees.

The international risk management professionals at Parker, Smith & Feek, Inc are committed to educating employers about kidnap risks and extortion demands, and training employees to successfully manage their risks once they land on foreign soil.

In 67 percent of cases, ransom is paid, and the average payment is about \$2 million. K&R insurance typically covers ransom and extortion payments, hiring professional security consultants and negotiators, theft of ransom money, death of victims during rescue, transportation costs, and payments to informants.

Parker, Smith & Feek, Inc recommends employers put expatriate employees through a rigorous training program designed to help them assess the local cultural and political situation. In addition, employees should be taught what to do -- and not to do -- in the event they are kidnapped. Let employees know what type of action the company will take to secure their release. Inform employees it could take months to free them. Stress that victims should always leave negotiations to the security consultants and insurance professionals hired to handle the situation.



Parker, Smith & Feek also offers tips to help all travelers -- business executives and their families, as well as vacationers - prevent a kidnapping in the age of global terrorism:

- Don't think you're immune because you're not rich. The most frequent kidnapping targets are middle-class executives and their families. Remember, wealth is relative. A middle-class income in America may well place you on the top end of the income scale in some of the world's most dangerous nations.
- When traveling abroad, maintain a low profile and don't advertise your wealth. Leave your flashy clothes, glittery jewels and luxury car at home.
- Don't flaunt your nationality. In the age of global terrorism, your American citizenship may make you the enemy—and the target of terrorist kidnapers. Keep your US passport safe. Know the location of the nearest US embassy. But don't advertise the fact that you hail from the United States.
- Vary your routine. Don't travel the same road, jog the same path or eat at the same restaurant every day. This is particularly true for expatriates stationed abroad for an extended period of time. Don't let your familiarity with a country and its people blind you to hidden dangers.
- Only use official taxi stands. Step in a cab abroad, and you risk driving away in your kidnapper's car.
- Steer clear of isolated or rural areas. Don't make the kidnapers' job any easier than necessary.

Whether expanding operations globally, or operating banks and other high-risk businesses domestically, executives owe it to their employees, shareholders and customers to reduce their risks and protect their employees and other corporate assets. K&R insurance and employee security training should be part of every at-risk organization's risk-management arsenal.

For more information please contact Cliff Rudolph or your Parker, Smith & Feek Account Executive on 425.709.3600

### About Parker, Smith & Feek

Parker, Smith & Feek, Inc is one of the largest independent insurance brokerage firms in the nation and an ownership partner in Assurex Global, the largest privately owned insurance group in the World. For over 70 we have guided our clients to make informed risk management decisions and develop innovative insurance, surety and employee benefits solutions uniquely suited to our clients needs.

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