



Kidnap & Ransom Insurance

Frequently Asked Questions

DO INSURERS PAY THE RANSOM ON BEHALF OF THE CLIENT?

No, this is a reimbursement policy where the ransom is paid by us after it has been paid by the insured. It is for this reason that the buyer should have assets that exceed the ransom limit bought, so that they afford to pay a ransom demand, which can then be reimbursed by us.

IS IT ONLY KIDNAP THAT IS COVERED UNDER A KIDNAP & RANSOM POLICY?

No, the policy responds to several other risks (insured events). The main insured events are kidnap, detention, extortion, product extortion, disappearance, hostage crisis, threat response and hijack. It is also possible to obtain extra cover (extensions) for emergency political evacuation & repatriation, loss of earnings, express kidnap, child abduction and product extortion recall for an additional premium.

WHAT IS THE DIFFERENCE BETWEEN A KIDNAP AND A DETENTION?

The key difference is the intent behind the event, and the demand for a ransom.

A kidnap is the illegal holding of insured person(s) with an accompanying or subsequent ransom demand; with the ransom demand being made against the insured or someone who is insured under the policy.

For example, a person is taken against their will, and the insured is contacted and told that the person taken will not be released unless they pay them a ransom to secure their release.

A detention is the illegal holding of someone who is insured for any other reason apart from kidnap – This being where no ransom is demanded for their release:

For example, a person could be detained on spurious charges or maybe a case of mistaken identity by authorities.

A K&R policy responds equally to either a kidnap or detention with regards to crisis response fees and any other covered additional expenses included in the policy.

WHAT ARE THE DIFFERENT TYPES OF COVERAGE?

The limit of cover, policy period and number of people covered in the policy can all be chosen by the buyer, depending on what is required.

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Most corporate clients choose to buy cover for all directors, officers and employees. This is usually the most cost effective and reliable cover, as it can be costly and more time consuming to set up insurance for individual trips, plus it ensures the client is always covered when an oversight in not insuring an individual trip could lead to difficulties for all involved. The cover typically applies 24 hours a day/ 365 days per year and is not restricted to business travel or working hours, meaning these oversights won't occur if insurance is purchased in this way.

It is important to note that it is not always only those in senior positions that are targeted, as any employee connected to the company gives the kidnapper scope to target individuals.

Furthermore, some employees may be at a higher risk of kidnap through living and working in dangerous areas. For corporations it is also possible to cover independent consultants and contractors, if this information is provided to us at time of submission.

A 'family' policy can also be purchased that can cover specifically named persons that the buyer of the insurance may wish to cover. These policies tend to be preferred by high net worth families, sports personalities, film, TV, music and other high profile people and their families.

The corporate policy would usually cover the families of employees and anyone visiting the home of a someone who is covered or people who are on the premises of the insured.

WHAT LENGTH OF TIME CAN K&R INSURANCE BE PURCHASED FOR?

Quite simply, for as long as the client wants to be covered for. Whether it's a short-term trip, or an annual policy, we can provide terms for any defined period up to 36 months.

WHAT KEY INFORMATION DO INSURERS NEED TO PROVIDE A QUOTATION?

Total number of people to be covered (for a corporate policy, this can be an approximate total number of directors, officers and employees worldwide, or whatever part of the company that they want to insure)

- Approximate permanent headcount per country
- Approximate travel pattern per country; duration, frequency, number of travellers and any security precautions taken for higher risk countries
- Details of any previous threats or incidents in relation to K&R in the company
- Confirmation of assets

WHERE ARE KIDNAPS MOST PREVALENT?

Due to the everchanging nature of global politics, economics and war, it is hard to say exactly what areas are most at risk at any one time. It is therefore important clients keep up to date on any relevant locations and the exposure there.

To help our clients with this we provide complimentary access to an online country risk tool that provides up to date country risk information and risks to be aware of.

Of course, certain areas historically have presented a higher degree of risk, such as some parts of Central and South America, parts of Africa, Asia and the Middle East. But with an ever-changing world where other risks from unlawful detention, extortion and disappearance issues risks are now more common even in what may be deemed as safer countries also.

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WHAT LIMIT SHOULD WE BUY?

As stated above, the client is only able to purchase a limit that is under their total assets, as this is a reimbursement policy. We can provide a policy limit up to USD 25 million. It is important to note that the ransom amount is not per person, it is per insured event (so if 1 person or 10 people are taken in one incident, the same limit applies to that event). Some clients choose to purchase a higher limit in case of an event which has multiple victims.

TYPICALLY, HOW DO THE LIMITS WORK?

Very simply, if a client say purchases a limit of USD 5 million the following insured losses can be claimed from the insurance policy:

- Ransom – Up to USD 5m per insured event
- Ransom in transit – Up to USD 5m per insured event
- Additional Expenses – Up to USD 5m per insured event
- Legal Costs – Up to USD 5m per insured event
- Response Consultant (Crisis24) response fees and expenses; these are unlimited per insured event
- Personal Accident benefit
- Any other extensions added to the main policy

DOES A RANSOM DEMAND HAVE TO BE AGAINST THE COMPANY?

As per the definition of kidnap earlier in this document, the ransom demand must be made against the assets of the insured or the assets of someone who is insured under the policy (for example an employee) in order to be classified as a kidnap. However, it is only the first named assured (usually the company or the head of the family) who has any right to make or receive a claim under the policy.

IS THE INSURANCE CONFIDENTIAL?

At Hamilton, we maintain strict confidentiality around the cover we provide and the clients that we insure, and ensure the relevant steps are undertaken to maintain this confidentiality. We strongly encourage our clients and their brokers to do the same, as it is a condition of the policy that knowledge of its existence is restricted to the minimum number of persons.

If it was common knowledge that a company or family has cover it could increase their risk from criminal groups targeting them due to the insurance.

IS THE PERSONAL ACCIDENT BENEFIT PAID TO THE FAMILY OF THE VICTIM?

In the case of a corporate policy, the benefit is paid to the company. For a family policy, the benefit is paid to the purchaser of the insurance, or to their estate if deceased.

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THE ROLE OF THE CRISIS RESPONSE CONSULTANTS

The crisis response consultant is there to advise the insured client and is fully independent of the insurer. An emergency contact number will be answered 24 hours a day, and the client will receive advice and support for the entire duration of a covered event.

In the case of an insured event, the consultant will advise and support the client and make recommendations on strategy having the safety of the victim(s) as the priority. The consultant will also advise on how to deal with other stakeholders, such as the local authorities, family members and, where necessary, dealing with legal aspects and handling the media.

WHILST THE RESPONSE CONSULTANT IS THERE TO PROVIDE ADVICE TO THE CLIENT, THEY DO NOT:

- Investigate the crime
- Attempt to locate or rescue the victim
- Communicate directly with the kidnappers
- Deliver ransoms
- Seek to take the place of local law enforcement or government agencies
- Act as an agent of the insurers

For further information, please do not hesitate to contact us.

DISCLAIMER

These examples are for illustrative purposes only and in no way imply that we will offer coverage or agree claims. In addition, these examples are not intended in any way to provide any legal or other advice. Please speak to your broker for advice about coverage.

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