

WHEN RANSOM IS SAFER THAN RESCUE

By Mikhaila Crowie

What would you do with \$1.5 billion? A sum like that could buy you a collection of the fastest cars known to man and a number of high-class investment properties. If you're a humanitarian, this amount could perhaps alleviate hunger in a famine-stricken region. However, black market crime information site, Havocscope, estimates that this is what the world spends on paying ransoms every year.

Mulling over that price tag, you'd immediately assume that the number of kidnap for ransom cases is quite high. You wouldn't be far off. In fact, insurance companies internationally offer policies built around – possibly mostly high net worth – client's needs for protection. But what about South Africa?

We're getting mixed signals from those in the know. A hostage negotiator contracted to a prominent short-term insurer told RISKSA that kidnapping is quite rife, but we are just unaware of it. The official word from most insurers though, is that the number of kidnappings here is negligible, making it uneconomical for insurers to sell or underwrite kidnap and ransom insurance. Media reports suggest that cases involving South Africans kidnapped and extorted abroad are commonplace. More recently, reports of abductions on home soil have surfaced.

High risk area

A study by Robyn Pharoah from the Institute for Security Studies (ISS), titled 'An Unknown Quantity – Kidnapping for Ransom in South Africa', points out that kidnappings usually occur in places riddled with poverty, high levels of criminal activities and corruption.

While South Africa is hardly considered the abduction capital of the world, Mark Courtney, a South African-based ransom negotiator, said that three of the top 10 kidnapping destinations are African, and South Africa is among them. He estimates that at least three or more foreigners a month are lured into the country and held hostage. Many of these are unreported. "They're embarrassed and scared it may happen again. They also keep quiet because they don't have confidence in the South African police," says Courtney.

We see far more violent crimes reported every day, which is probably why abductions don't feature as prominently on the news, but South Africans seem to have bred our own version of the crime. Most people picture a typical kidnapping as the familiar political and revenge kidnapping portrayed in Hollywood films. South Africa has, however, become a sort of mecca for corporate kidnappings and a new form of abduction known as 'express' kidnappings.

Traditionally kidnappers target the head of an international corporation or a politician's spouse or their children. They meticulously plan the deed, staking out the victim and familiarising themselves with their routine months in advance. They'll demand a hefty sum for ransom, preferably rounded off to the nearest million.

Express abduction methods are more efficient. The assailants snatch random victims off the street, drive them to the nearest ATM and demand they draw cash to pay for their freedom – an amount that's large enough to justify the risk, but small enough for the victim to afford without the bank asking too many questions. There's little motivation or chance to report the

Story continues...

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matter to the police. If they are a little greedy, the criminals might wait around till midnight, with the victim in tow, and draw an additional sum of cash. The logic behind express abduction is that while victims don't always fetch a high price, kidnappings are done quickly and in high quantities, making them lucrative. Preparation time is less and the victims do not need to be carefully selected. They're typically just people in the wrong place at the wrong time.

Corporate extortion

Another recent type of kidnapping we've seen on home soil involves nabbing the executives of global companies. Capturers plan an elaborate business scheme and use it as bait to attract foreign investors, hungry for opportunity, to the country. A prime example is that of Dutch marketing consultant, Edo de Ronde, who was held hostage in Johannesburg after a colleague answered an Internet advertisement regarding the sale of steel. He was held for more than 30 hours and released after his company paid more than R100 000 ransom. Risk consultant from Pasco Risk, Wayne Malgas, said most companies, when entering a foreign country, don't do enough research to avoid this type of eventuality.

A father and his daughter were also duped into coming to South Africa with false advertising. This time, they were nabbed shortly after arriving at OR Tambo International Airport from South Korea, after receiving an e-mail informing them that they had won the national lottery. The two were held hostage for four days in Soweto until a ransom of \$120 000 (R952 222) was paid by the man's wife.

Accessing cover

When criminals adapt their modus operandi and news forums are alight with stories regarding kidnapping, you can't help but question the accessibility of kidnap and ransom insurance in South Africa. Ashley Pillay, an underwriter at Guardrisk Insurance Company Limited, said that although not many insurers offer it domestically, it is available through reinsurance binder agreements with the European and American markets. "This cover is being taken out for company executives of large corporates and employees of the companies that have business in Africa, South America or other hot spots like Malaysia. However, the policies offer coverage worldwide," explains Pillay.

Travel sites advise anyone travelling abroad, media houses, as well as those working with welfare organisations, to consider this insurance. The coverage varies from company to company. Guardrisk's cover includes all negotiations from beginning to end, within policy limits. Coverage with Charis South Africa Limited includes death or dismemberment arising from being in a hostage situation, as well as the costs of forensic analysis, security consultants, medical costs and other related expenses.

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Arrrggh ye covered?

A global concern, piracy and other forms of maritime crime threatens trade, tourism and the economy. As of March this year, 100 sailors are being held ransom by pirates off the coast of Somalia.

With piracy on the upsurge, we have to wonder if South Africa is able to handle this threat. The South African Navy has already been patrolling the waters between South Africa and Tanzania and the South African National Defence Force (SANDF) said it planned on spending R500 million to combat piracy in the Mozambican Channel. However, while seafarers have stepped up security, pirates have changed their methods. "If you are travelling in pirate-infested waters or travelling into countries prone to kidnaping, it is advisable for cover to be purchased prior to travel," says Frank Ponnen, head of Etana Marine and chairman of the Association of Marine Underwriters of South Africa (AMUSA).

Guardrisk covers clients taking to the seas. "Policy cover is worldwide and there is no exclusion regarding people at sea. Unless there is a specific exclusion for certain territories, the cover applies," notes Pillay.

The study by the ISS shows the take-up for kidnap and ransom is quite low, but as Courtney explained, the number of abductions will only soar in the future. Citing the ransom figures in the media, Courtney explained that criminals will take advantage and attempt to extort more people. As criminals become smarter and more competent, so should you. Advise and protect your client before it's too late.

