

KIDNAP & RANSOM IN OIL, GAS, ELECTRICITY AND MINING

In 2008 more than 2,000 victims were kidnapped for ransom worldwide, of which more than 130 were known to be executives and employees from the energy sector (oil, gas, electricity and mining). According to market sources the perpetrators of these kidnaps tend to vary by region, but typically their intent is either criminal or terrorist.

For those businesses operating in the energy sector, there is an everyday challenge in managing complex regulatory and environmental obligations. The added exposure from operating in locations of high political instability makes the vulnerability of staff and assets a serious concern.

In 2008 kidnappings most frequently occurred in Pakistan, Mexico, Venezuela, Nigeria and India, followed by Colombia, Afghanistan, Somalia, Brazil and the Philippines.

Despite the increased intensity and regularity of kidnappings, both onshore and offshore, evidenced by the Sirius Star incident off the coast of Kenya, and the recent attacks in the Gulf of Guinea, the kidnap and ransom (K&R) insurance market remains resilient and competitive for those operating within the energy sector.

How can Lloyd Wright help?

Our Lloyd's partner broker is recognised as a market leader within the specialist areas of marine war and K&R risk broking. They advise and work with a wide range of high profile organisations and individuals and are proud to be the advisor to Her Majesty's Government in respect of war and associated risks. The contracts they arrange are flexible and adapt to our clients' needs, typically covering kidnap, ransom, extortion and hijack and we provide access to highly skilled independent response consultants who assist in negotiation and provide advice on incidents and support clients throughout the ordeal.

Lloyd Wright only works with response consultants who have many years' experience in crisis management,

ransom and extortion. These highly skilled experts including Michael Guidry provide an immediate response to assist in any emergency and have successfully facilitated the resolution of many incidents involving kidnap and ransom in the energy sector. They are also able to arrange the physical delivery of any ransom payment agreed.

What can a tailored K&R policy offer an energy company?

In many cases the ransom element of a K&R incident may only account for 25% of the overall cost. A K&R policy can help by covering the hidden costs and expenses such as:

- Cost of the response consultants fees and expenses
- Emergency political repatriation and relocation (policy extension)
- Cost of transferring the ransom from bank to drop off point
- Cost of insuring the drop team
- Cost of insuring ransom in transit
- Job re-training costs for the kidnap and/or hijack victim
- Other reasonable costs incurred with prior approval.

Aside from the standard policy benefits listed above we are also able to obtain extensions such as loss of earnings, political and catastrophic evacuation/repatriation, threat extension, product loss extension and malicious attack.

For more information on how Lloyd Wright can help with your K&R policy, please contact:

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