

# Guide to selecting appropriate Crisis Management Insurance

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## Do you need Crisis Management Insurance (Kidnap, Ransom and Extortion Cover)?

Humanitarian non-governmental organisations that send their employees to high risk areas to carry out aid projects should be familiar with the duty of care they owe their “at risk” workforce. Recent legal precedent has meant that organisations can be legally prosecuted for failing in this duty, particularly as a result of their exposure to danger whilst working overseas. If you are one of these organisations, you should ask yourself:

- In the case of a kidnap or extortion, what will be your organisation’s response?
- What are the response protocols in your organisation to react to a crisis?
- Do you have security precautions and access to the relevant preventative and awareness training?
- Are you aware of the legal ramifications for not providing the duty of care, which includes access to training and reliable security information needed to safely run your aid projects?
- Are you aware of the sanctions adopted by, for example, the US, UK and UN for the countries where your projects take place?

A notable step to achieving duty of care is to obtain appropriate crisis management insurance. The process can be started by contacting a dedicated crisis management insurance broker for advice, which can be sought for free. The broker will have access to a crisis management service which can help prevent or manage a crisis event.

## What will Crisis Management Insurance cover?

As a result of an insured event, a dedicated crisis response consultancy will deploy to help manage, mitigate and resolve a malicious crisis. The insurance policy will pay for the services of the response company, indemnify the associated expenses incurred to resolve the event and offers support to those affected after the event. The covered events include:

- Kidnap
- Extortion
- Illegal Detention
- Threats
- Disappearance
- Emergency political repatriation
- Hijack
- Hostage crisis
- Cyber extortion
- Child abduction
- Piracy

## Guide to buying the right Crisis Management Cover

Crisis Management insurance is complicated and its function and benefits should be understood by every organisation. An organisation considering buying this insurance should receive expert advice to purchase the right protection for its individual exposures, but also achieve value for money. The best way to obtain your crisis management insurance is through a dedicated broker. To select the most appropriate broker, there are a number of questions and requirements you should ask them:

- Are they a dedicated crisis management broker? If so, what training or qualifications do they have?
- What knowledge do they have about humanitarian NGOs and the risks they face?
- What experience do they have finding appropriate crisis cover for humanitarian NGOs?
- What help and support do they provide in the event of a potential claim?
- What experience of claims have they had in the past, and how have they helped the insured NGO throughout the event?
- What response consultants are on their selection panel and why?
- What insurers are on their selection panel and why?
- What sort of cover do they believe would suit your organisation's needs?
- What conditions come with this sort of cover?
- Is the cover sufficient for a long term or complex crisis?

Once you have selected your broker, they will be responsible for gaining the most relevant information from you and offer advice to select the best insurance that meets your exposures. In the event of a potential claim, they should be able to provide guidance to help you, in addition to the assigned response consultant, through the entire incident and facilitate the required response and remuneration.

Note: some organisations will consider the payment of ransoms. Insurance can assist the organisation to recover ransoms paid, after the event. If this is an option for your organisation, you should discuss the details of what exactly is and is not covered with the broker and should be part of the decision-making process in the event of an incident.

Below is an example case study of how crisis management insurance has supported an NGO in the event of a security incident.

### Example Case Study

Kidnappers abducted four humanitarian aid workers (two expatriates and two locals) at a fake checkpoint leaving Juba in South Sudan. The kidnappers were a sophisticated and experienced criminal gang who had reportedly had the victims under surveillance for several days.

A response consultant was deployed to Juba to assist the humanitarian organisation, employer of the kidnap victims, with the negotiations and join the on-the-ground Incident Management Team (IMT) along with the Head of Security for the humanitarian organisation based in Europe. The response consultants had significant experience operating in the area and a high degree of familiarity with the kidnap environment there. Using historical information, resolution precedents and financial statistics held in the response consultants' detailed database, the response consultant was able to craft a realistic negotiation strategy.

The response consultant used a local communicator, who spoke fluent Bari, and advised him on how to encourage the kidnappers to progressively reduce the demand in stages and to reach an agreement. The kidnappers used violent tactics to persuade the IMT to a quick but high costing resolution, including cutting off the finger of one of the kidnap victims. Following consultations with the IMT and the response consultant, and the reference to the kidnappers' knowledge of the victim's

international employer, the IMT managed to negotiate a reasonable agreement for the safe release of their staff. The response consultant remained engaged throughout the two-week case duration and conducted a debrief with the released hostages as part of the rehabilitation process which included a 1-week holiday for the victims and their families.

The organisation in the above case study was able to cover the following costs through its crisis management insurance. The total insurance claim amounted to circa USD 292,752.

- **Salaries for the duration of the two-week event and the 60 days taken off post-event - USD 30,411**
- **Local Communicator – USD 10,000**
- **Travel / Accommodation for Head of Security – USD 5,927**
- **Evacuation of seven other staff of the organisation to Kenya for one month - Flights USD 3,282 / Accommodation USD 14,265**
- **Hiring of Interim Head of Security – Deputy took over role and was rewarded 10% additional salary for the duration of the event – USD 435**
- **Rest and Rehabilitation – one-week holiday for victims and families – USD 15,672**
- **Medical Expenses – USD 12,760**
- **Personal Accident (lost finger) – USD 125,000**
- **Counselling required for two of the victims – USD 15,000**
- **Legal (due diligence) costs for criminal gang's relationship to proscribed terrorist group SPLM – USD 15,000**
- **Response consultant fees – paid directly by insurers - circa USD 45,000**