



Fidelity / Crime Division

FIRST LOOK!

**THE IMPACT OF COVID-19
- WHAT TO WATCH:**

- Rising extortive crimes.
- A bounce back in kidnapping rates as movement restrictions are relaxed.

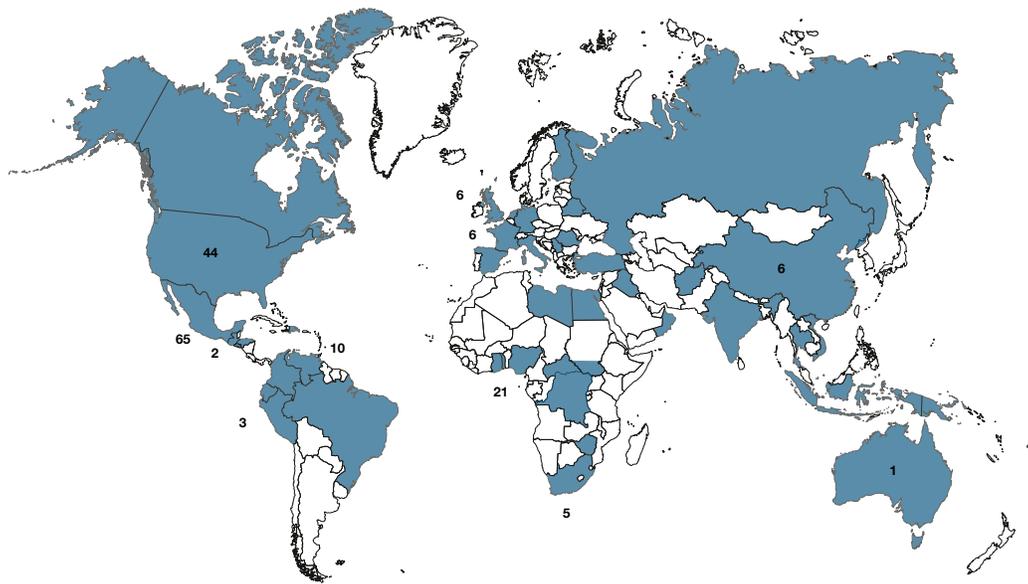
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Learn more about the impact of COVID-19 on Special Risks inside the newsletter.

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Kidnap & Ransom **INSIGHTS**

Location of Response cases, 2019 © Control Risks 2020



| | |
|--|---------|
| Mexico | 65 |
| USA | 44 |
| Nigeria | 21 |
| India, Venezuela | 10 each |
| Colombia | 7 |
| China, France, UK | 6 each |
| Brazil, South Africa | 5 each |
| Canada, Germany | 4 each |
| Kenya, Peru, Turkey | 3 each |
| Cameroon, Chile, El Salvador, Gabon, Guatemala, Honduras, Iraq, Ireland, Italy, Laos, Malaysia, Mali, Netherlands, Philippines, Singapore, Vietnam | 2 each |
| Afghanistan, Angola, Armenia, Australia, Burkina Faso, Cote D'Ivoire, DR Congo, Ecuador, Egypt, Equatorial Guinea, Ghana, Haiti, Indonesia, Iran, Latvia, Lebanon, Libya, Mozambique, Nepal, New Caledonia, New Zealand, Norway, Pakistan, Panama, Somalia, South Korea, South Sudan, Spain, Sweden, Switzerland, Tanzania, Togo, UAE, Uganda, Yemen | 1 each |

Total: 269 Cases

The Impact of COVID-19 on Special Risks: What to Watch

- Rising extortive crimes in countries able to enforce population lockdowns as criminal groups seek to temporarily diversify their income away from kidnapping-for-ransom.
- Sharp rises in kidnapping in conflict-affected states as security forces are redirected towards enforcing curfews in urban areas rather than fighting terrorism or crime.
- A bounce back in kidnapping rates as movement restrictions are relaxed, and foreign nationals make attractive targets for gangs who have been starved of revenue throughout the crisis.
- As companies announce furloughs or layoffs, we anticipate an increase of threats (bodily injury and property damage) to increase.
- As countries suffer economic hardship, kidnaps, express kidnaps and virtual kidnaps could increase.

3 Kidnap & Ransom Risks Frequently Overlooked by U.S. Companies

1. Any company is vulnerable to threats of violence.

Perhaps the greatest, but most frequently overlooked risk facing companies is an active threat to the health and safety of employees, regardless of any extortion attempt.

“This can include a bomb threat made via a phone call or letter, an angry post to a company’s Facebook page, or an offhand comment made by a disgruntled employee,” said Melissa Person, Divisional Vice President, Great American Insurance Fidelity / Crime Division.

“Perhaps an employee who’s just been let go or passed over for a promotion makes violent threats against their boss or makes references to violent acts or weapons. It gets back to management, who starts to feel uneasy about a potential workplace shooting situation.”

If a threat is serious enough to shut down an Insured’s operations, loss of earnings during this period could apply. Social media magnifies this exposure significantly.

“People tend to be more aggressive online when there is no face-to-face interaction and they can remain anonymous,” Person said. Social media channels also provide a direct and highly public conduit to a company. Making threats over social media make it more likely the company will respond than if the message is sent via email or a generic feedback form.

2. U.S. manufacturers are prime targets for product extortion.

Extortionists use threats to extract payments from their victims. While a threat can take many forms, including physical or reputational harm, product contamination threats are particularly serious for manufacturers.

“In the case of product extortion, the perpetrator threatens to introduce a contaminant into the target company’s product, either during the manufacturing process, or by tampering with finished goods, rendering their inventory useless or even dangerous. Unless, they receive their ransom demand,” Person said.

Any product that may be ingested or come in contact with skin can pose a serious safety threat to consumers if contaminated. Manufacturers of foods and beverages, household cleaning products, and over-the-counter medications are all vulnerable.

3. Facilities with public access are common sites of child abductions.

“One scenario where child abduction can occur is when a non-custodial parent takes off with his or her child while in the midst of a domestic dispute with the other parent,” Person said. These abductors can easily exploit crowded spaces or moments of inattention from the custodial parent to commit their crime.

This is a particular concern for daycares, schools and hospitals where children are more likely to be separated from their primary custodians. Because these facilities are also responsible for the safety of children in their care, they may be held liable for the event and face accusations of negligence.

Any establishment with public access, however, offers a venue for an abduction to take place. Retail stores, amusement parks, movie theaters and the like are all exposed to abduction risk.

TOP 10 COUNTRIES FOR KIDNAPS (2019)

Top 10 countries for kidnap-for-ransom in absolute terms.

- Mexico
- Nigeria
- India
- Pakistan
- Afghanistan
- Brazil
- Iraq
- Colombia
- Cameroon
- Philippines

GLOBAL KIDNAPPING HOTSPOTS (2019)



Americas



Asia Pacific



Sub-Saharan Africa



MENA



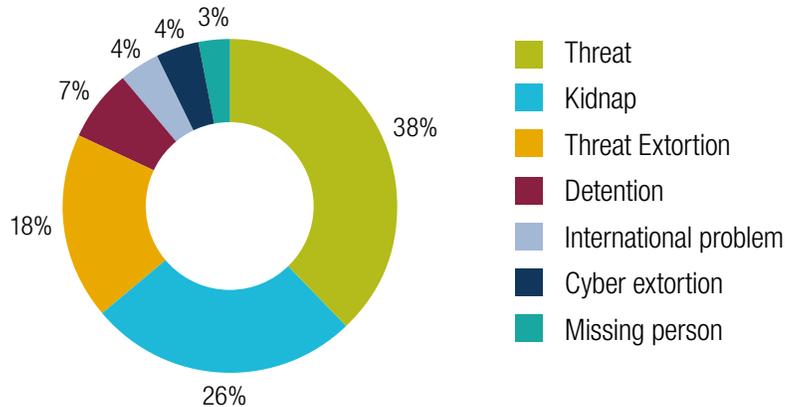
Europe & CIS

Extortions* by Region, 2019 © Control Risks 2020

*Based only on Control Risks' casework



Response case breakdown, 2019



It is important to note that the U.S. contributed to the second highest caseload for Control Risks in 2019. Threats comprised almost half of the response cases. This highlights the increased domestic exposure for Insureds.

Why Crisis Response Resources are Critical

When faced with an attempt at extortion or threats of outright violence, most businesses are not sure what steps to take. How do they gauge the validity and seriousness of the threat? How do they respond? How do they protect customers, employees, executives and their families from harm? Failing to appreciate exposure to these events and prepare an appropriate response could leave companies in a state of crisis, should a threat come their way.

The Great American Advantage:

- Highest limit in the industry at \$65 million
- \$0 deductible
- Coverage for worldwide territories*
- Includes unlimited fees and expenses for the services of Control Risks, one of the industry's most experienced crisis response teams
- Coverage extends beyond a traditional kidnapping to cover domestic exposures, such as threats, child abduction and extortion
- Broad definition of Insured with the ability to tailor coverage to meet the Insured's specific needs
- Excellent client service

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*Unless prohibited under US Law (on the OFAC list of sanctioned countries). Great American Insurance Group, 301 E. Fourth St., Cincinnati, OH 45202. Coverage description is summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. In the U.S.: Policies are underwritten by Great American Insurance Company and Great American Spirit Insurance Company, authorized insurers in all 50 states and the DC. In Canada: All insurance products are subject to the limitations and conditions in the applicable policy or certificate of insurance in force at the time of purchase or enrolment and applicable legislation. Policies are underwritten by Great American Insurance Company, a foreign insurer authorized to insure risks in all Canadian Provinces and Territories. The Chief Agency of the Canadian Branch of Great American Insurance Company is located at Scotia Plaza, Suite 2100, 40 King Street West, Toronto, Ontario M5H 3C2. © 2020 Great American Insurance Company. All rights reserved. 5132-FIC (06/20)



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