

# KIDNAP BRIEFING

MONTHLY



ISSUE 104 | October 2014

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

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This is the 104th issue in a series of kidnap-focused reports prepared by **Control Risks** on behalf of Hiscox. The Monthly Kidnap Briefing is distributed to select clients in order to keep you informed of the trends in kidnapping worldwide and assess the risk of kidnapping to your business.

The issue includes a detailed look at salient kidnapping developments worldwide in September, a brief on kidnapping and extortion trends in Guatemala, and a focus on kidnapping trends in Iraq.

Prepared by **Control Risks**

for   
**HISCOX**

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## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

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## Americas



### KIDNAPS NOT INDICATIVE OF RENEWED EPP CAMPAIGN IN PARAGUAY

Control Risks believes that two kidnaps carried out to date in 2014 by the leftist guerrilla group the Army of the Paraguayan People (EPP) are unlikely to be indicative of a trend of increasing kidnaps by the group.

The EPP is currently thought to be holding two hostages: Arlan Flick, the 16-year-old son of a rancher, who was kidnapped on 2 April 2014, and police officer Edelio Morínigo Florenciano, who was kidnapped on 5 July 2014. Both were abducted in Concepción state. The EPP demanded US\$500,000 in cash and US\$50,000 worth of food in return for Flick's release. The victim's family complied with the demands, but the victim was not released. The group has not demanded a ransom for Morínigo.

The EPP has carried out high profile kidnaps in the past, including the 2004 kidnap and murder of the daughter of a former president of Paraguay. However, given the group's current operational constraints, these recent incidents are unlikely to reflect a heightened risk of kidnap by the EPP in Paraguay.

The EPP is a small-scale organisation, with an estimated 20-80 members. The group lacks popular support and has limited capabilities, which were further diminished by the death of the EPP's third-in-command, Bernardo Bernal Maíz, who was killed by police during Flick's abduction. Nevertheless, the recent incidents are a reminder of the EPP's capabilities in Concepción, Amambay and San Pedro departments, where a weak state security presence and inefficient law enforcement allow the group to continue to operate despite its limited means.

Given the group's lack of manpower, it is possible that the EPP will demand the release of imprisoned guerrillas in return for freeing the two kidnap victims. In May 2014, jailed EPP leader Alcides Oviedo Britéz wrote a letter stating that the two kidnap victims would not be released in the absence of a government commitment to release all imprisoned members of the EPP.

### VIRTUAL KIDNAP OF VENEZUELAN TOURISTS IN MEXICO TYPIFIES CURRENT TRENDS

The virtual kidnap of two Venezuelan tourists on 14 September while staying in a hotel in Cancún (Quintana Roo state) follows the pattern of similar incidents recorded in Mexico by Control Risks over the last year. The incident also highlights the risk of such tactics even in areas not known for high levels of kidnapping and extortion.

The victims received a call in their room warning them that there would be an attack on the hotel and that they needed to move to a different hotel for their safety. Simultaneously, the kidnappers contacted the victims' families in order to make a ransom demand in exchange for their supposed release.

Virtual kidnaps involving hotel guests, both local and foreign, have become increasingly frequent over the past year. Perpetrators often contact guests in their room convincing them that they are in danger if they remain in their hotel. The guests are then persuaded to move to a different location – typically another hotel close by – while remaining in telephone contact. While the guests move to the second location and are out of contact, criminals can persuade their family that they have been kidnapped and will only be released following the payment of a ransom.

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

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Such tactics have become increasingly popular among Mexican criminals owing to the minimal manpower and investment required to carry them out. There is also a lower risk of arrest because kidnappers rarely come into direct contact with their victims, making them almost impossible to identify. The use of the telephone means that criminals can target victims across the whole country. Control Risks has also recorded cases of criminals in Mexico targeting people in the US in similar circumstances. Some criminals engage in 'fishing expeditions', using public telephone directories to target as many people as possible. Many virtual kidnaps in Mexico are believed to be carried out from the country's prisons, where inmates flaunt bans on mobile telephones to maintain a revenue stream.

Given the propensity to target hotels, foreign nationals are more likely to fall victim to virtual kidnaps than to traditional kidnaps-for-ransom in Mexico, as such tactics represent the opportunity of high returns in ransom payments with a relatively low risk of being caught. Indeed, the majority of kidnaps in Mexico involving foreign nationals recorded by Control Risks in 2014 have been virtual kidnaps. The last incident was in March and involved a Costa Rican couple staying in a hotel in San Lucas del Cabo (Baja California Sur state).

## Africa



### BEHEADING OF FRENCH NATIONAL; EMERGENCE OF NEW IS-INSPIRED MILITANT FACTION IN NORTHERN ALGERIA

The rural north-east has long been the epicentre of Islamist militancy in Algeria, with attacks against military facilities and personnel a regular occurrence. The northern branch of al-Qaida in the Islamic Maghreb (AQIM) has sporadically engaged in kidnapping to fund its militant activities through ransom payments, though affluent local businesspeople have traditionally been the primary targets and are most often released after financial negotiations.

The recent kidnap and murder of a French tourist has broken this familiar mould. On 21 September, 55-year-old Hervé Gourdel was seized during a hiking expedition in Tizi Ouzou province, some 75 miles (120km) south-east of Algiers in the mountainous Kabylie region.

Jund al-Khilafah (Soldiers of the Caliphate) – a recent offshoot of AQIM, which has aligned itself with the Iraq- and Syria-based militant group Islamic State (IS) – claimed responsibility for the kidnap in an online video and threatened to behead Gourdel if France did not cease its airstrikes against IS positions in Iraq within 24 hours. The following day, the militants carried out their threat and issued a video of Gourdel's beheading.

Jund al-Khilafah announced its split from AQIM in early September. It claimed that AQIM had 'deviated from the true path', and professed its allegiance to IS, which currently controls large areas of eastern Syria and western Iraq. The release of two hostage videos and the group's strident challenge to a Western government reflect a desire to emulate the tactics of IS, which recently beheaded two US journalists and a British aid-worker in Syria.

The emergence of a group with a stated intent to kidnap and execute Westerners places upward pressure on our MEDIUM risk rating for the region. However, Jund al-Khilafah is likely to be a relatively small faction and it is unlikely that it will be able to extend its area of operations beyond isolated areas of rural Kabylie. Moreover, it is highly unlikely to have the capabilities to stage kidnaps in Algeria's urban centres owing to the lack of strong support networks and the more robust presence of the security forces in these areas. Nevertheless, foreign nationals should avoid travel in the remote areas of north-eastern Algeria in light of this significant and evolving threat.

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

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## Asia



### CHINA ISSUES TRAVEL WARNING FOR PHILIPPINES AFTER KIDNAP IN MINDANAO

The Chinese government in September 2014 issued a warning to its nationals, advising them not to travel to the Philippines following a deterioration in the security environment. Among the issues that prompted the announcement was the 11 September kidnap of a Chinese teenager from a family run store in Kabasalan (Zamboanga Sibugay). Police in the Philippines suspected that the Abu Sayyaf Group (ASG), a notorious kidnap-for-ransom Islamist extremist group, was behind the abduction.

Control Risks has not noted a significant deterioration in the kidnap threat in the Philippines but advises clients to heed governmental advice on travel restrictions. The Chinese government's concerns were fuelled by a combination of factors, both political and security, including the 1 September arrest in Manila of several men who claimed that they intended to attack the Chinese embassy.

Zamboanga Sibugay is located in the south of the country where militant groups like the ASG have an established intent and capability to carry out abductions for financial concessions. The group is known to deliberately seek out foreign nationals who it perceives will command higher ransoms. Chinese Filipinos are often targeted, simply because they are present in larger numbers than nationals from other countries.

Elsewhere in the country, there is a threat from criminal kidnapers. Metro Manila is a particular hotspot for the crime; Control Risks recorded more incidents in the capital in the first half of 2014 than in any other province. Kidnappers targeted foreign nationals from other South-East and East Asian countries, both tourists and expatriates, on several occasions in the first nine months of 2014. Control Risks does not foresee a significant deterioration in the kidnap threat in urban areas in the short-to-medium term, but residents and visitors should be mindful of the threat.

## Middle East



### HOSTAGES AND THE PROPAGANDA EFFECT

Propaganda is proving to be an important weapon in IS's armoury. In August 2014, the group began using Western hostages that it had taken over a period of two years in Syria as part of its information war.

The first three videos, published on 19 August and 2 and 13 September, were violent and shocking; the group beheaded two US journalists and a British aid-worker. The beheadings, which were publicised on social media outlets, were in retaliation for US airstrikes in Iraq and a UK pledge to arm Kurdish forces, according to IS. More recently, on 3 October IS published a fourth beheading video during which it took the life of a British aid volunteer and threatened that of a third US hostage.

Changing tack, in late September, IS began to release a series of clips featuring a third British hostage, journalist John Cantlie. IS appears to be using the journalist as a mouthpiece to air its 'side of the story' on issues such as the systems and motivations of the group, the likelihood of Western military success against the group and how other European victims came to be released.

Cantlie appeared to criticise the hard-line policy that the UK and the US have adopted towards ransom payments, saying that other governments negotiated with IS for the release of their nationals while British and US hostages were 'abandoned' by their

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

governments. Between March and June 2014, up to 15 victims, predominantly Europeans, were released. It is not clear whether ransoms were paid or other concessions made.

It remains unclear what IS ultimately wants to achieve through its propaganda campaign. In addition to attempting to influence public opinion, one possibility is that it hopes to draw Western military forces deeper into the conflict in Syria and Iraq. The perception of Western military action at ground level as an occupation of Muslim lands has proved an effective radicalisation tool in past theatres, such as Afghanistan. The group could therefore stand to benefit from increased fighters and funding as well as sympathy for its cause, all of which would help IS to consolidate its position and maintain governance over the territory that it currently holds.

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## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

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# BRIEF ON LATIN AMERICA



## KIDNAPPING AND EXTORTION TRENDS IN GUATEMALA

Guatemala has long been Central America's kidnapping hotspot; the crime is fuelled by high levels of criminality, deep-rooted social and economic inequalities, and weak state institutions. The country's notorious street gangs, known as maras, are responsible for many kidnaps and use kidnapping as a means of controlling and influencing the territories in which they operate.

Guatemala's largest maras, the Mara Salvatrucha and the Barrio 18, have a strong presence in Guatemala City and the surrounding department, the jurisdiction where most kidnaps are recorded. However, many kidnaps are also seen in the country's border areas, such as Petén, Quiché and Santa Rosa departments. In these areas, a paucity of law enforcement, coupled with widespread complicity of the authorities, allows criminal gangs to operate with a high level of impunity.

## FALLING KIDNAPPING RATES?

Despite Guatemala's long-held position as a kidnapping hotspot, Control Risks' records indicate a gradual decline in the country's global share of kidnaps over the past 18 months. Until 2013, Guatemala was consistently among Control Risks' list of top ten countries affected by kidnapping throughout the world; in the first half of 2014, Guatemala fell to 16th in Control Risks' rankings, accounting for little over 1% of recorded kidnaps.

Sources in Guatemala have also claimed that rates are falling. In August 2014, President Otto Pérez Molina claimed that kidnaps had fallen by 47% over the past two years. Supporters have attempted to link such statistics to the 'iron fist' security strategy that Pérez Molina announced upon taking office in January 2012, which included the creation of an Anti-Kidnapping Command within the National Civil Police, among other initiatives. Official figures have also been echoed by independent sources. The Grupo de Apoyo Mutuo (Mutual Support Group), a well-respected human rights organisation, suggested that kidnapping incidents fell by around 50% between 2012 and 2013.

Nevertheless, statistics claiming such marked falls in kidnapping incidents should be approached with a degree of scepticism. There is little evidence to suggest that confidence in the police among Guatemala's citizenry has improved in recent years. Despite promises from the president to enact much needed reforms aimed at expanding and improving the country's law enforcement agencies, tangible advances are yet to be seen. Guatemala's police forces continue to suffer from an acute lack of manpower in relation to the country's population, leaving large parts of the country without sufficient law enforcement. Furthermore, elements within the police and security forces continue to be linked to kidnapping and criminal groups.

In addition, reports suggest that during Pérez Molina's time in office, conditions for journalists in Guatemala have deteriorated. The Press Emblem Campaign rated the country as Central America's most dangerous for journalists in 2013. Reporters without Borders also placed Guatemala at 129th in the world for journalist safety and press freedom, 29 places down on the previous year.

These factors fuel continued distrust of the police and the impunity enjoyed by Guatemala's organised criminals and corrupt police officers means that victims of kidnapping are less likely to feel inclined to report crime, especially when the threat of reprisals persists. Such impunity is also reflected in the harassment of journalists who, in the face of violence and threats, are less likely to report kidnaps by power actors such as the maras.

In this context, while it may well be the case that kidnapping rates have slowed in recent years, it is unlikely that any decrease reflected in data recorded in Guatemala is correlated with a significant decrease in the kidnapping risk.

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

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## RISKS OF KIDNAPPING PERSIST

Kidnaps recorded by Control Risks throughout 2014 continue to demonstrate similar characteristics to those traditionally seen in Guatemala: short-lived, financially motivated abductions which mostly target local business owners, employees and dependants. The proportion of kidnaps involving the latter group has steadily increased in recent years, possibly owing to the reticence of high-net-worth individuals to report kidnaps for fear of becoming a repeat target, as well as the increased security measures employed by this section of Guatemalan society. Dependants are regularly kidnapped because they are regarded as easy targets and families are more likely to pay ransoms quickly to ensure the safe release of the victim. In a recent case, a 14-year-old girl was kidnapped on 22 July 2014 in Huehuetenango (Huehuetenango department) while on her way to school. The kidnappers demanded a ransom from the girl's family, which was quickly paid. However, the kidnappers demanded a second ransom, reportedly GTQ 150,000 (US\$ 19,500). The victim's family reported the incident to the authorities, who rescued her on 12 August. The kidnappers were arrested.

While the vast majority of kidnap victims in Guatemala are locals, the risk to foreign nationals remains. This was highlighted on 23 January 2014, when a Spanish rancher, Gilberto Puertas Arduengo was kidnapped in Panzós (Alta Verapaz department), along with two other locals. According to reports, the kidnappers demanded a ransom payment of US\$ 125,000 from the victim's family. However, the victim was found dead at a ranch in El Estor (Izabal department) three days later. Although this was the first kidnap of a foreigner recorded in Guatemala by Control Risks since December 2012, it reflects the fact that the conditions that have made Guatemala a HIGH risk country for kidnapping have not improved.

## EXTORTION RISKS

In contrast to reporting on kidnapping, the extent of extortive crime in Guatemala has become increasingly clear. In July 2014, the country's Interior Ministry released figures estimating that the country's criminals make around US\$61m each year from extortion. Although this is likely to be a conservative estimate, the figure underscores the impact of the phenomenon.

Those most commonly targeted for extortion payments include local businesses and, in particular, public transport companies, who are typically forced to pay regular quotas by criminals in exchange for permission to operate in certain areas or cities. The use of such tactics bears an increasing resemblance to cases recorded in Mexico, particularly in areas controlled by Los Zetas, which may well be a result of ties between maras and Mexican organised criminal groups operating in the country.

However, forced quota payments are not the only form extortion takes. In addition to forced protection payments, Control Risks has recorded one-off, remotely perpetrated threat extortions, targeting larger companies, including multinationals. Threats are typically delivered via telephone, email or SMS message and can target employees at all levels. What is more, failure to adequately deal with such tactics can lead to the escalation of threats; the Grupo de Apoyo Mutuo stated that in the first seven months of 2014, there were 700 extortion-related murders in Guatemala. Alternatively, criminals have been known to engage in armed attacks on companies that have failed to respond to their threats.

According to official data, Guatemala City, and neighbouring Mixco and Villa Nueva municipalities are most affected by extortion, though it is likely that the problem is widespread throughout the country. These hotspots are consistent with the localities most affected by mara operations. Nevertheless, an expanding criminal panorama in Guatemala has also given rise to a high number of smaller criminal bands who use extortion as a primary stream of revenue. Such groups often pay 'rent' to dominant maras to operate in a certain locality.

## BEHIND THE STATISTICS

While current statistics might, at first glance, suggest that kidnapping rates in Guatemala are falling, Control Risks' view is that the country's kidnapping risk remains HIGH. The lack

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

of progress made by the Pérez Molina administration to combat criminality and improve law enforcement, despite its hard-line discourse, means that the conditions that have traditionally allowed kidnapping rates to flourish have not changed.

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## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

If you would like to provide us with feedback on the Monthly Kidnap Briefing or inform us of your interest in a specific country or theme that you would like us to cover in a subsequent issue, then please write to [kr.guernsey@hiscox.com](mailto:kr.guernsey@hiscox.com)

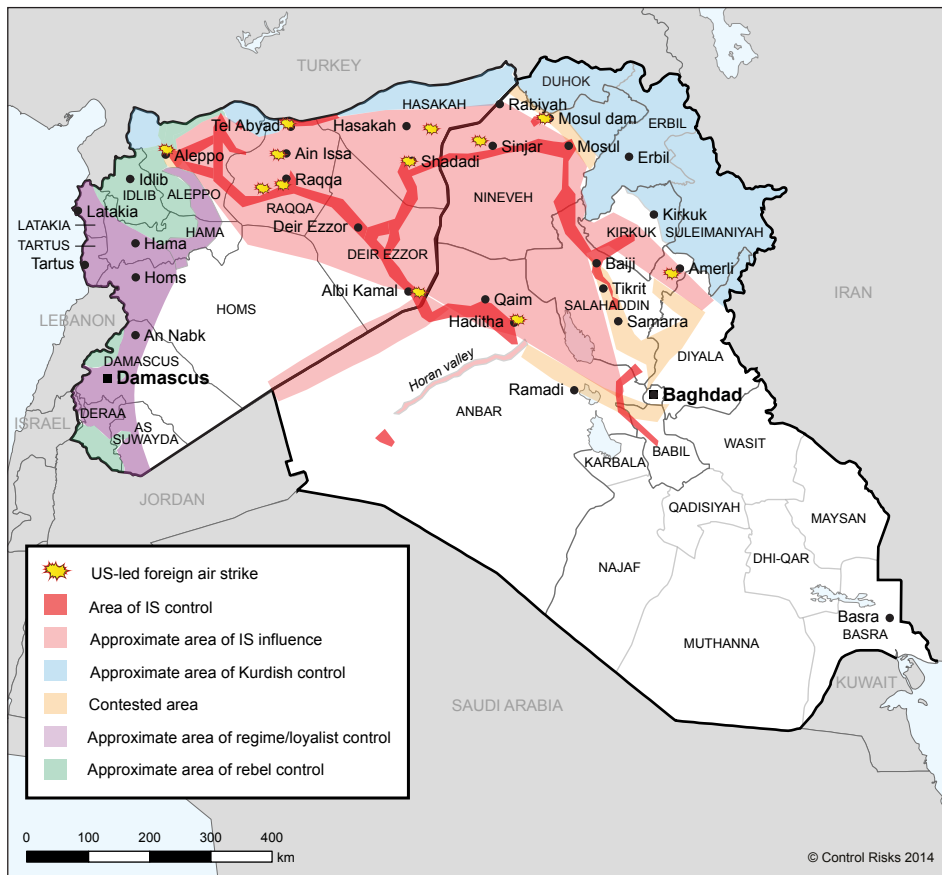
# FOCUS ON

## KIDNAPPING IN IRAQ: A NEW DYNAMIC

### THE ISLAMIC STATE BRAND OF KIDNAPPING

The Islamic State (IS)'s rapid march into northern and central areas of Iraq in June 2014 took many by surprise. The group subsequently proclaimed a caliphate stretching from eastern Aleppo in Syria to the border with the Kurdistan Region in Iraq, an area of land comparable to the size of Great Britain according to The Washington Post. However, the group is unlikely to be able to take much more ground in Iraq because it has reached the geographical limits of its natural support base, penned in by the Kurdistan Region to the north-east and the Shia majority population to the south-east.

Figure 1: Areas of control in Iraq and Syria, September 2014



The business environment is untenable in areas under IS control. The group is brutal in enforcing its interpretation of Sharia law and is unaccepting of foreign influence. IS is known to deliberately seek out foreign nationals for kidnapping, leaving any expatriates or visitors especially vulnerable in its areas of operation. IS uses foreign hostages either as bargaining chips or as propaganda tools; whether a victim is worth more to IS in terms of potential ransom concession or publicity is dictated in large part by the victim's nationality and its government's approach to the payment of ransoms to terrorist groups.

During its initial surge into northern and central areas of Iraq, IS carried out several large-scale abductions of foreign nationals. Iraq's second city, Mosul, was particularly affected and three incidents involving foreigners were notable:

- 10 June: 31 Turkish truck drivers kidnapped; released 3 July ( after 23 days in captivity)

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

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- 11 June: 49 Turkish consulate employees and family members kidnapped; released 20 September (after 101 days in captivity)

- 18 June: 40 Indian construction workers kidnapped; one escaped but the remaining 39 victims were still in captivity as of September 2014.

The initial surge in kidnaps of foreign nationals was largely because businesses and travellers were taken by surprise during IS's initial offensive. Although the group has demonstrated its intent and capability to target foreigners within its territory, such incidents in northern and central Iraq are likely to be few in the future. Governments that ordered their nationals to evacuate those areas and assisted in their repatriation following the IS's advance have not revised their position since.

### KIDNAPPING TRENDS IN IRAQ OUTSIDE OF IS CONTROL

#### South and south-eastern region of federal Iraq

Kidnapping trends are largely unchanged elsewhere in Iraq. Basra and Baghdad continue to be the focus for criminal kidnappers, but Control Risks also recorded several incidents in Dhi Qar, Maysan, Najaf, Wasit and Qadisiyah in the first nine months of 2014. The vast majority of victims are local nationals and kidnappers target them for financial gain. In a recent example, kidnappers abducted a prominent Kurdish businesswoman in Basra against a demand of US\$200,000. The 12 June kidnap of a Chinese national in Maysan was a reminder that foreign nationals are within the target-set of criminals and that adequate security protocols are essential to deter the perpetrators. The victim was released after six days but it was not clear whether concessions were made.

#### Kurdistan Region of Iraq

Events across the trigger line in federal Iraq have had little effect on the kidnap-for-ransom risk in the Kurdistan Region. Given the strong Peshmerga (Kurdish security force) presence along the trigger line to defend Kurdistan Region territory from IS, it seems likely that militant groups based in federal Iraq would find it more difficult than ever to effectively carry out a traditional kidnap-for-ransom in the Kurdistan Region. Critical to their success is having a secure place to hold the victim while negotiations take place. IS is unlikely to be able to hold a kidnap victim inside the Kurdistan Region without detection. The group's best chance of a successful kidnap would therefore be to take the victim back across the trigger line where the likelihood of military intervention is remote. However, given the increased security measures that the Peshmerga is currently enforcing in the border areas, it is unlikely that IS could move kidnap victims back across the trigger line undetected.

Reported incidents of kidnaps-for-ransom therefore remain rare in the Kurdistan Region. Anecdotal evidence suggests that, in general, a small number of incidents occur in the Kurdistan Region each year, though most go unreported to the authorities and media.

### KIDNAPPING IN IRAQ: IN BRIEF

IS is a dominant kidnapping force. Foreign nationals located in IS-controlled territory are particularly vulnerable to kidnap. Whether the victim regains his or her freedom through negotiation or is used as a propaganda tool is largely dependent on their nationality and their government's stance on the payment of ransom. Regardless, the period that foreign nationals spend in IS captivity is usually long.

Elsewhere in Iraq, the kidnap dynamic remains unchanged. Traditional kidnapping hotspots such as Basra and Baghdad continue to see high numbers of abductions which predominantly affect local nationals. Foreigners are occasionally targeted where kidnappers take the rare opportunity to overcome inadequate security measures.

The kidnap threat in the Kurdistan Region is unchanged despite its proximity to territory under IS control. Abductions are rare and are carried out against local nationals by criminals looking for financial gain.

## TABLE OF CONTENTS

### GLOBAL INSIGHT

Americas	1
Africa	2
Asia	3
Middle East	3

### BRIEF ON LATIN AMERICA

Kidnapping and extortion trends in Guatemala	5
Falling kidnapping rates?	5
Risks of kidnapping persist	6
Extortion risks	6
Behind the statistics	6

### FOCUS ON

Kidnapping in Iraq: a new dynamic	8
The Islamic State brand of kidnapping	8
Kidnapping trends in Iraq outside of IS control	9
Kidnapping in Iraq: in brief	9

### ABOUT US

Control Risks	10
Hiscox	10

If you would like to provide us with feedback on the Monthly Kidnap Briefing or inform us of your interest in a specific country or theme that you would like us to cover in a subsequent issue, then please write to [kr.guernsey@hiscox.com](mailto:kr.guernsey@hiscox.com)

# ABOUT US



Control Risks' services are exclusively retained by Hiscox. In the event of a kidnap, detention or extortion incident covered by Hiscox, clients will benefit from Control Risks' services as part of their insurance policy.

## CONTROL RISKS

Control Risks is a leading international business risk consultancy. It offers a range of integrated political risk, investigative, security and crisis management services to corporate, government and private clients worldwide.

Since its foundation in 1975, Control Risks has advised clients on the resolution of 2,601 kidnap and extortion cases in 128 different countries, with 46,825 person-days aggregate duration. Cases have ranged from traditional kidnaps-for-ransom, express kidnaps, hostage takings, ship and aircraft hijacks to political detentions, product extortion and contamination and other threat extortions. Control Risks has a full-time team of Response Consultants, available for immediate deployment in response to a crisis anywhere in the world. Response Consultants will advise on negotiation strategies and on how to manage the various interests of the victim, family, employers, the media, the government and local law enforcement agencies.

The Response Division has its own dedicated team of research analysts. As well as supporting consultants deployed on cases, they maintain the International Kidnap Online Service (IKOS) which follows the trends in kidnapping worldwide and allows clients to assess the risk to their business. In addition to IKOS, Response Research produces commissioned kidnap and extortion analysis of any country or sector. If you are interested in any of these services, please write to [response\\_research@controlrisks.com](mailto:response_research@controlrisks.com)

For more information about Control Risks, please visit our website at [www.controlrisks.com](http://www.controlrisks.com)

## HISCOX

Hiscox is the world's largest provider of specialist kidnap, detention and extortion insurance, with a market share of 60-70% by premium income. We cover companies and individuals against all forms of extortion and can protect your assets from illegal demands and the consequential associated expenses.

Our clients include multinational companies operating in high risk regions of the world, key executives working in commercially sensitive positions and individuals whose wealth or fame may attract the attention of criminals.

Hiscox kidnap and ransom underwriters are the most experienced in the field. Our knowledge of the sector enables us to make quick decisions on cover, no matter how unusual the request. We are highly skilled in handling what may be a very difficult and sensitive emergency. Our specialist policies can be tailored to suit individual needs and circumstances.

We have underwriting teams based in Guernsey, Paris, Cologne, New York, Chicago, Los Angeles and at Lloyd's of London.

For further information, please contact us at [kr.guernsey@hiscox.com](mailto:kr.guernsey@hiscox.com)