

A KIDNAP AND RANSOM INSURANCE PLAN



The EPIC 1 Plan

*Kidnap & Ransom Coverage
for Individuals and Families*

The EPIC 2 Plan

*Kidnap & Ransom and/or Detention
Coverage for Corporations*

BENEFITS AND SERVICES WHICH ARE AVAILABLE:

- Ransom Money*
- Informant Money*
- Crisis Management Services*
- Accidental Death*
- Legal Liabilities*
- Rehabilitation*
- Personal Security Consultation*
- Reward Money*
- Negotiation Services*
- Family Counseling*
- Loss of Ransom in Transit*
- Medical Services and Emergency Evacuation*
- Interpretive and Forensic Services*
- Business Security Consultation*

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PROPOSAL FOR: _____

DATE: _____

PRESENTED BY: _____



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KIDNAP INSURANCE: What is it? What Do I need to Know?

Kidnap insurance provides numerous benefits and services to the policy owner and the insured. Most people believe that kidnap insurance is only a ransom benefit. The following points are offered to provide you with a better understanding of this type of coverage.

Crisis Response Teams

Although ransom benefits appear to be the primary benefit, the core benefit of any plan is the Crisis Response team that will assess and advise the family or business. It is essential to have a response team that is experienced with both the handling of incidents as well as the local political environment.

Some response companies hire their services to anyone. Some are retained by an insurer. Some response firms are principally investigation firms while others have anti-terrorist and hostage negotiations backgrounds. Some response teams will assist the family or business while others do not want any interaction with the insured's family or business.

The EPIC series retains one of the most experienced security firms in the industry, who respond with immediate deployment. The Crisis Response Team interacts with and advises the family and/or the business. Members of The Crisis Response Team have diverse backgrounds including military and FBI training.



Aggregate Basis Vs. Inclusive Basis

Some plans pay the expenses of The Crisis Response Team directly from within the benefits available. Therefore, if you purchase a \$1 million ransom benefit and the expense of the response team is \$250,000, an aggregate basis benefit plan will provide only \$750,000 of ransom reimbursement.

The EPIC series provides the expenses of The Crisis Response Team on an inclusive basis, thus, in our example above, there will always be the \$1 million ransom benefit available regardless of the cost of The Crisis Response Team.

Ransom Benefits = Reimbursement

Ransom benefits, regardless of the policy issuer, will always be on a reimbursement basis only. Why? There are two reasons:

- 1) It is illegal to insure an unlawful event. As an example, you cannot insure an act of vandalism, but you can insure expenses incurred as a result of the act of vandalism.
- 2) Negotiations. A person may have a net worth of one billion dollars. If the money is all in real estate except for \$50,000 cash, in the absence of insurance, what would a family do? Raising the \$1 million would necessitate selling property, which could take months. Negotiations are often hastened by access to "quick cash" even if it is less than the actual demand amount. If a person has direct access to the full ransom amount, negotiations may be compromised.

Petersen International Underwriters

Petersen International Underwriters, in addition to being a Lloyd's Correspondent, is a member of the Overseas Security Advisory Council, a part of the United States Department of State. Information is shared between members to track trends and to analyze terrorist and extortionist activities around the world. Members of Petersen International Underwriters are also Level III Certified in Homeland Security.

*This is not intended to be a complete outline of coverage.
Actual wording may change without notice.*



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WHAT ARE THE RISKS?

Corporate and personal security has improved dramatically. However, the use of kidnapping or extortion to gain access to industrial secrets, to make socio-political statements, or for monetary purposes, continues to rise.



Contingency Problems Are Increasing:

- 70% of companies located in Russia have faced extortion demands in the last five years.
- Kidnap demands of up to \$100 million have been made in recent years in Mexico, Argentina and Costa Rica.
- Between 1991 and 1996, kidnapping incidents involving a demand for ransom have almost doubled around the world. In 1996, over 1,354 incidents involving a ransom demand were reported.
- Global markets and access make business around the world practical and profitable. These same factors all add additional risk, especially in countries where the economy is not very strong or is unstable.
- An article in the London Financial Times reported that with the increase in electronic security measures at businesses and homes, industrial espionage can be accomplished easier through the abduction of family members of individuals who can access the desired information.

THE CRISIS RESPONSE TEAM

Petersen International Underwriters issues Kidnap & Ransom Coverage insured by Lloyd's of London. The Crisis Response Team is a premiere provider of political risk assessment, crisis management, security management and investigative services.

Under its arrangement with the Lloyd's underwriters, The Crisis Response Team may provide three services to our clients:



Intelligence

- Expert analysis of political and security risks worldwide, provided on-line or in hard copy.

Prevention

- Protection of personnel and property through risk analysis, on-site surveys, security reviews, simulated incidents and establishment of non-disruptive defensive routines.

Response

- The Crisis Response Team has competent and experienced personnel stationed within four hours travel time of any spot on Earth.

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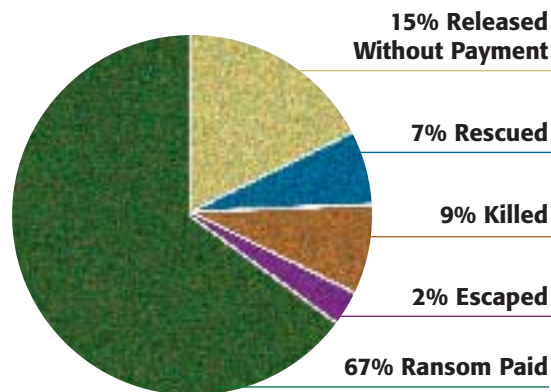
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KIDNAP: A WORLDWIDE RISK

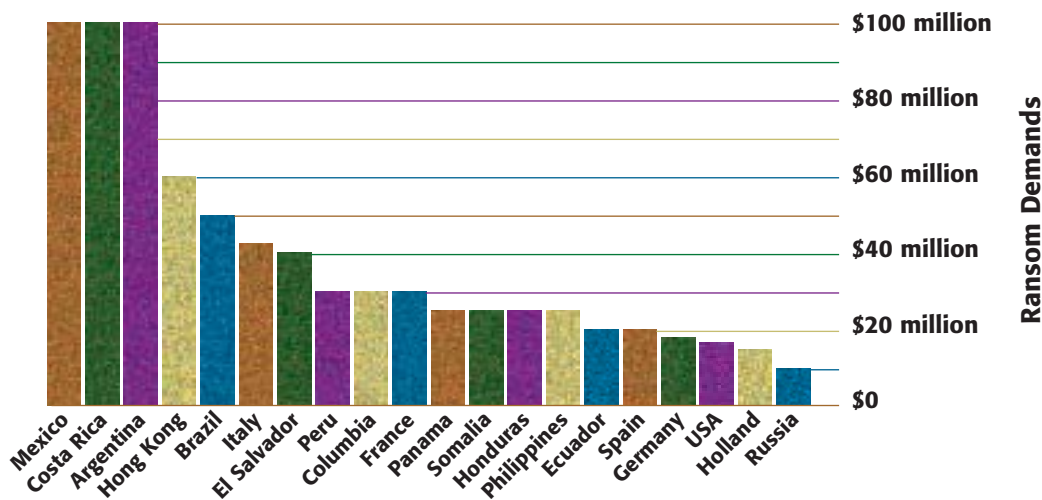
Kidnap Outcomes

Most kidnaps are carried out in order to obtain a ransom, and in most cases a ransom is paid. Rescues are rare, largely because the authorities in most countries recognize that the safety of the victim is paramount. The average percentage of deaths following a kidnap is 9%. In cases involving The Crisis Response Team, less than 2% of people are killed. Killing usually takes place at the time of abduction rather than during the negotiation.



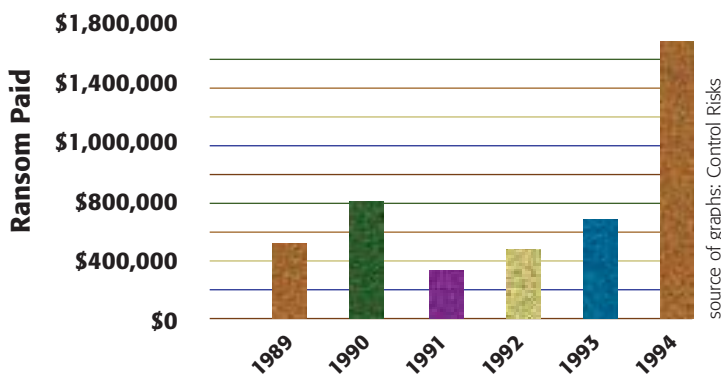
Kidnap Demands

Demands can be huge, with more than 14 countries recording cases of \$25 million or more in recent years. Kidnappers usually settle at between 10 and 20 percent of the demand, except in the old Soviet Union where the mafia is extremely reluctant to negotiate and uses excessive violence to achieve its aims.



Kidnap Payments

While most ransom payments are kept confidential, The Crisis Response Team is aware of some substantial sums that have been paid. Latin America leads the list, but many of the largest settlements have been made in Europe. There has been a noticeable increase in average ransom payments in recent years, as the chart shows.



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Petersen International Underwriters Privacy Policy Statement

Petersen International Underwriters

Petersen International Underwriters want you to understand how we protect the confidentiality of non-public personal information we collected about you.

Information We Collect

We collect non-public information about you from numerous sources including, but not limited to:

- a) Information we receive from you on applications and other forms;
- b) Information about your transactions with our affiliates, others or us;
- c) Information we receive from consumer-reporting agencies; and
- d) Financial and medical sources.

Information We Disclose

We do not disclose any non-public information about you to anyone except as is necessary in order to provide our products or services to you or otherwise as we are required or permitted by law (e.g. subpoena, fraud investigation, regulatory reporting, etc.).

Right to access or correct your personal information

You have a right to request access to or correction of your personal information in our possession.

Confidentiality and Security

We restrict access to non-public personal information about you to our employees, our affiliates' employees or others who need to know that information to service your account. We maintain physical, electronic and procedural safeguards to protect your non-public personal information.

Contacting Us

If you have any further questions about this privacy statement or would like to learn more about how we protect your privacy, please contact the insurance producer who handled this case, or our offices at: 23929 Valencia Boulevard, Suite 215, Valencia, California 91355, (800)345-8816, e-mail: piu@piu.org