

S-RM



Global
Security Insight
Special Edition
2016

Editorial

2016 marks the launch of S-RM and XL Catlin's Global Security Insight (GSI) Special Edition, published alongside the **GSI platform**. This edition provides a review of trends impacting global travel from 2015 in addition to highlighting pertinent threats likely to emerge over the coming year. Produced annually, it focuses on trends around kidnapping, extortion, wrongful detention, political evacuation, corruption and crime.

This edition looks at certain legislative changes that have developed across the world. On the one hand, there is the tightening up of various regulations to address numerous travel threats, whilst on the other hand, gaping omissions in these policies have weakened legislative authority.

2015 saw a growth in kidnappings for ransom across the world. While the Islamic State (IS) militant group has garnered significant attention in this regard, there was an increase in kidnappings by Islamist militant groups in the Sahel and Southeast Asia as well as by criminal groups in Latin America. As current legislation prevents the payment of ransoms to terrorist groups, these smaller criminal outfits are likely to emerge as a pertinent threat over the coming year.

Beyond kidnappings, wrongful detention has become a prominent tactic to suppress dissidents among countries in the Commonwealth of Independent States. While these states have regularly employed such tactics in the past, the economic outlook forecasted for 2016 is likely to result in a more heavy-handed response by these regimes.

2016 in the Americas will see a rise of virtual kidnappings in the US and Mexico with criminal surges in Brazil a consequence of police-led security operations in the favelas ahead of the Olympics. Further afield, it is likely that political evacuation orders will be issued in sub-Saharan Africa over the coming year, and extortion tactics in the Philippines will continue to rise.

Following the November 2015 Paris terrorist attacks, the global political and security landscape has become increasingly uncertain and Kidnap & Ransom insurance providers have adapted their approach and coverage to mitigate these risks for clients' operations worldwide.



Heyrick Bond Gunning

CEO, S-RM

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Europe & North America



Lara Sierra-Rubia assesses the significance of ransom policy changes implemented by US and UK governments in 2015. In addition, following several high-profile public mass shootings in the US over the past year, debates around how to define these incidents are explored. Looking ahead in 2016, cases of virtual kidnappings in the US are highlighted as an emerging threat.

Ransom Policy Reforms in the US and UK

The US and UK enacted significant kidnapping policy reforms in 2015. After decades of outlawing the payment of any ransom to terrorist groups, US President Barack Obama issued a presidential directive in June 2015, stating that private families of kidnapped individuals would not face criminal charges for paying ransoms to terrorists. The UK, on the other hand, took further steps toward closing loopholes for paying ransoms to militant groups.

The US Presidential Policy Directive (PPD) sought to clarify the government's position on the payment of kidnap ransoms to terrorist organisations by individuals. While no family of an American hostage has been charged to date for paying a ransom for the return of their loved one, prosecutors have reportedly threatened legal action against victims' families in the past.

The international media therefore reported that the directive marked a step change by the government; however, the word 'ransom' appears only once in the PPD document, reinforcing the government's continued policy of not granting concessions – including paying

ransoms – to terrorists. Nevertheless, it is this omission that suggests that the government is unwilling to explicitly outlaw ransom payments by private individuals and it appears that the US government is likely to continue its unofficial policy of acquiescence.

The UK, on the other hand, has worked to prevent insurance companies from paying ransoms to terrorists. In late 2014, UK Home Secretary Theresa May announced that any loopholes regarding the payment of kidnap ransoms to militant groups would be closed in the Counter-Terrorism and Security Act, which was later passed in May 2015. Given that insurance payments for terrorist ransoms were not explicitly stated in previous terrorist financing legislation as being unlawful, the possibility existed that UK insurance companies would potentially fund future terrorist activity by reimbursing ransom demands. However, existing counter terrorism laws in the UK would have prevented this. As such, the aim of the reform is to prevent any uncertainty over insurance or reinsurance payments in the event of a kidnapping involving a terrorist group.



Sources: pixabay.com and flickr.com

Public Mass Shootings in the US

Several high-profile public mass shootings were reported in the US in 2015. These included the Umqua Community College shooting in Oregon in October and the San Bernardino, California shooting and attempted bombing in December. These incidents have reinvigorated debate over how to define and thereby mitigate the threat of such attacks. However, given that there is no official definition for mass shootings in the country, key stakeholders continue to remain at odds over how significant the problem is.

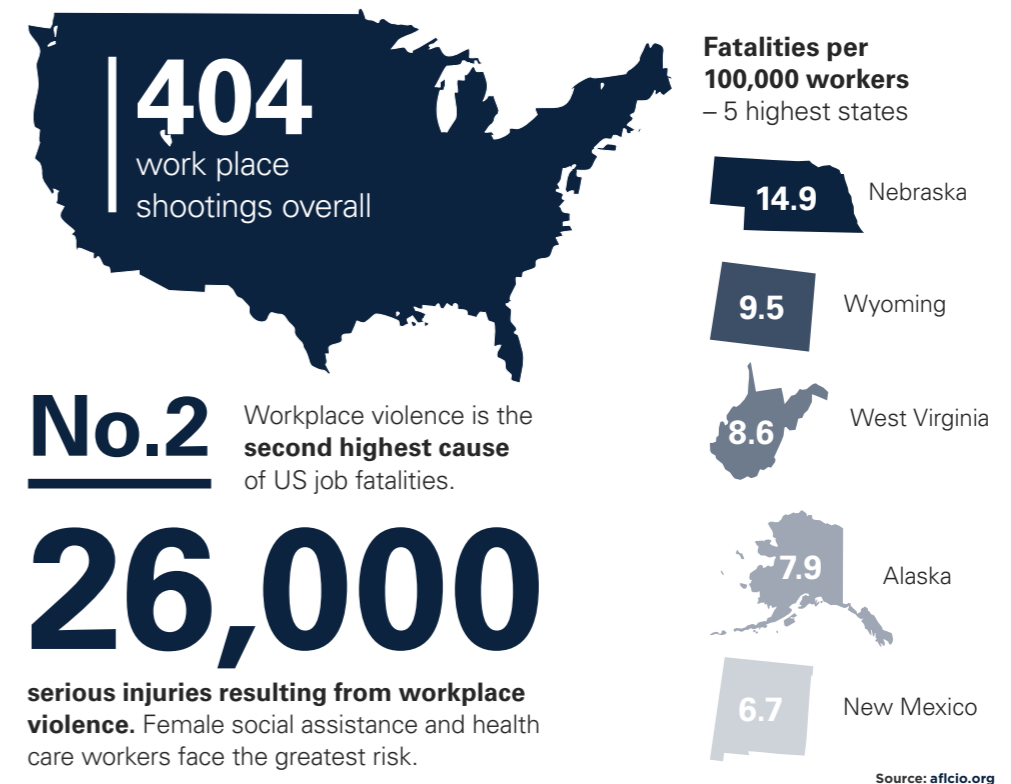
On the one hand, the Mass Shooting Tracker (MST) website identified more than 350 mass shootings in 2015. However, MST uses a broad definition of what constitutes a mass shooting, stating that "a mass shooting is when four or more people are shot in an event, or related series of events, likely without a cooling off period." This means that gang-related shootings, bar brawls, domestic violence, and other non-premeditated incidents are included in the dataset.

In contrast, other studies have placed the total number of mass shootings countrywide for 2015 in the single digits. For example, the investigative magazine *Mother Jones* only identified four mass shootings in the country in 2015. To meet the magazine's criteria, an attack must have occurred in a public place with "indiscriminate mass murder" as the apparent motive and at least four people must have been killed. While this excludes criminally-motivated cases and spontaneous gunfights, the November 2015 shooting at the Colorado Planned Parenthood clinic would therefore be omitted from this dataset, since only three people were killed in the assault. This reliance on arbitrary fatality numbers means that significant cases of public mass shootings are omitted from analysis.

These discrepancies highlight the challenge in addressing the threat of mass shootings in the US. Without a clear definition, any policies enacted are likely to prove inadequate.

Workplace violence:

There is an overlap between public mass shootings and the broader category of workplace violence. In the event that a mass shooting involves an individual acting in their capacity as a company employee, the assault is a form of workplace violence. The latest comprehensive statistics have been taken from 2014.



Looking Ahead in 2016



Source: flickr.com

65%

of adults in the US use **social networking websites**, up from seven percent in 2005. This exponential increase in usage provides criminals with a **growing pool of potential victims for virtual kidnappings**.

Virtual Kidnappings to Increase in the US

Reports of increasing virtual kidnappings in the US prompted the Federal Bureau of Investigation (FBI) to issue an alert in September 2015, highlighting the crime as an emerging threat. Although there are several iterations of virtual kidnappings, cases generally follow a similar pattern. The victim will receive a phone call from the assailants – frequently represented as drug cartel members or corrupt law enforcement officials – who make specific demands to ensure the safe return of a loved one that has allegedly been kidnapped. However, unlike traditional cases of kidnap for ransom, the loved one is never actually abducted by perpetrators. Instead, assailants rely on perceived threats of violence to force the targeted individual to hand over money in a short timeframe.

The assailants' primary aim in these cases is to ensure that the victims do not verify the whereabouts of their loved ones before handing over a relatively small ransom. Assailants will wait until the 'abductee' is unavailable for contact by phone, such as in a movie, business meeting, or in a university class before contacting their victims. Alternatively, assailants will threaten violence against the victim to prevent them from hanging up or investigating the abduction claim. Furthermore, callers have been known to use accomplices to scream in the background to heighten the victim's sense of fear and urgency.

While comprehensive statistics on this type of kidnapping are unavailable, police in major cities in California, Nevada, Texas, Florida and New York claim that virtual kidnapping has consistently increased in the US since 2013. Virtual kidnappings have become so popular because the scam offers a high return for limited investment or risk on the part of the assailants. Traditional kidnappings require significant planning and resources, while many

virtual kidnapping cases are opportunistic. In the US, many calls are reportedly made from Puerto Rico or Central America and are usually untraceable, which makes apprehending assailants less likely in most cases.

Criminals tend to randomly select names from phone books or professional directories. For example, in August 2014, there was a flurry of virtual kidnapping cases against local doctors working in the San Antonio area of Texas. One of the targeted doctors claimed that even though he did not have a daughter, he feared that someone's life was in danger, and was reluctant to hang up the phone when assailants attempted to extort a ransom. The spate of virtual kidnapping attempts prompted the FBI to issue a warning to local doctors in the regional service area.

One of the primary tools used by virtual kidnapers is information drawn from victims' online social media profiles. American virtual kidnapping victims have commented that perpetrators knew their personal information, including what kinds of cars they drive, names of family members and their day-to-day activities. While social networks provide people with a platform to share information and interact with others, online sharing reveals significant amounts of information, particularly if users' security preferences are lax. According to a 2015 study by the Pew Research Centre, nearly 65 percent of adults in the US use social networking websites, up from seven percent in 2005. This exponential increase in usage provides criminals with a growing pool of potential victims for virtual kidnappings.

Given that virtual kidnapping is a low-risk and low-investment endeavour for criminals, and personal information is becoming increasingly accessible through online platforms, the upward trend in virtual kidnapping is likely to continue in the US in 2016.

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Latin America



Lloyd Belton discusses the launch of a crowdsourcing app in 2015 used to combat extortion in Mexico in the face of inaction by authorities. In addition, he highlights some of the highest kidnap ransom demands across the region from the last year. Looking ahead at pertinent travel risks in 2016, upcoming favela security operations in anticipation of the August Olympics in Rio de Janeiro are likely to pose a threat to travellers in the area.

Mexico Looks to Crowd Sourcing to Address Extortion

Mexico City's Citizens' Council has looked to mobile technology to address rampant extortion in the city. In February 2015, the council launched No Más Extorsiones ('No more extortion' or NoMásXT), a mobile phone application created to monitor incidents. Since its launch, the app has been inundated with reports and by the end of 2015, over 90,000 incidents, or more than 300 cases a day, had been reported. Relying on crowd sourcing, NoMásXT allows users to log suspicious phone numbers and bank accounts used by extortionists into a public database. The app then automatically warns users not to answer their phone when a call from one of these listed numbers is received. So far, the list has grown to include over 100,000 phone numbers and 11,000 bank accounts used by extortionists. By contrast, less than 4,500 extortion incidents were reported to state and federal security forces in the same period.

Most extortion incidents in Mexico are traced back to state and federal prisons, where inmates dial random numbers, or in more sophisticated cases, glean their victim's personal information from social media. With the help of apps like NoMásXT, Mexican nationals can identify and avoid these scams. While underreporting, tied to widespread distrust in security forces has long been a concern in the city, such grassroots efforts to combat extortion point to new levels of disillusionment with authorities.

Despite taking a creative approach to addressing extortion in the city, the mobile app has not reduced the risks faced by commercial operations. Over the past year, reports that major drug cartels are operating extortion rackets in Mexico City, once considered an oasis in a country plagued by cartel violence, have emerged.

In July 2015, for example, reports surfaced that the Jalisco New Generation Cartel (CJNG) was extorting hotels, restaurants, bars, and other commercial premises in Roma and Condesa, two of the city's trendiest neighbourhoods. Numerous business owners, acting on condition of anonymity, reported paying weekly extortion payments of 5,000 to 10,000 pesos (USD 300 to USD 600) to armed cartel members. Last year, at least three local business owners were killed in these neighbourhoods, presumably for refusing to pay extortion fees.

Rather than addressing the problem, local authorities and even union leaders have denied the existence of extortion rackets in Mexico City. Miguel Ángel Mancera, the city's mayor, also refuted a Drug Enforcement Administration report published in November 2015 that highlighted the "dominant presence" of five major drug cartels in Mexico City. With authorities seemingly oblivious to the problem or unwilling to act, commercial extortion is likely to continue unabated.



Source: commons.wikimedia.org

FACTS & FIGURES

Highest Kidnap Ransom Demands

by Country

In 2015, high-ransom kidnappings continued across the region. Colombia, Mexico and Venezuela registered the highest number of overall kidnapping incidents despite year-on-year decreases. Militant and organised crime groups remain the primary perpetrators, and as in previous years, ransom amounts demanded by these groups often exceed USD 1 million, particularly in cases involving foreign victims. There has also been an increase in the number of small, dedicated kidnap groups across the region. These groups typically operate express and virtual kidnapping rackets focusing on locals and demand lower ransom amounts.

Top 10 Ransom Demands vs Kidnapping Risk Rating

1.	Colombia	USD 7.6 million	High
2.	Argentina	USD 2 million	Medium
3.	Mexico	USD 2 million	High
4.	Peru	USD 1.2 million	Medium
5.	Venezuela	USD 700,000	High
6.	Costa Rica	USD 500,000	Low
7.	Paraguay	USD 500,000	Medium
8.	Brazil	USD 325,000	High
9.	Uruguay	USD 300,000	Low
10.	Honduras	USD 46,000	High

Kidnapping Risk Key

INSIGNIFICANT	LOW	MEDIUM	HIGH	EXTREME
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Looking Ahead in 2016

Source:
commons.wikimedia.org



16%

In the past five years, police have reportedly been responsible for **16% of homicides in Rio** (or 1,519 murders), excluding off-duty police officers.

Safeguarding the Rio Olympics

Los Urabeños in Colombia, the Sinaloa Cartel in Mexico, Los Rastrojos in Venezuela, the Mara gangs in El Salvador, Primeiro Comando da Capital in Bolivia, and Rio de Janeiro's Comando Vermelho and Amigos dos Amigos: all groups which continue to expand and dominate local drug-trafficking, extortion, and kidnapping operations in Latin America. Despite killing or capturing numerous high-level operatives, security forces have failed to fundamentally weaken these groups. Up until now, government strategies to combat organised crime groups have been piecemeal, only temporarily addressing security concerns. Nowhere is this more evident than in Rio de Janeiro, where the local government's weak pacification strategy looks set to be tested once again in pre-Olympics favela occupations.

Rio security forces are expected to occupy at least two more favela complexes in the north of the city in 2016, in preparation for the August Olympics. Chapadão and Pedreira, two of the city's most violent areas, are likely to be occupied sometime between April and May 2016, although there is considerable uncertainty about the launch date of these operations. Following the occupations of some of the city's other favelas in recent years, Chapadão and Pedreira have become safe havens for a number of Rio's organised crime groups, including Comando Vermelho (CV) and Amigos dos Amigos (ADA).

For Olympic organisers, Chapadão and Pedreira's proximity to the Deodoro Sports Complex (approximately five kilometres from the Olympics venue), which will host hockey, BMX and equestrian events during the games, is a serious concern. Shootouts between CV

and ADA gang members, as well as Military Police (PM), occur regularly in these favelas, and local residents are often caught in the crossfire.

Unlike previous occupations, the army is unlikely to be involved in the occupations of Chapadão and Pedreira; instead, federal, highway and state military police are expected to carry out the operations. According to reports, the army's role is likely to be limited to providing back-up support to the police. However, there are already concerns that a police-led operation is likely to be more violent and less effective, as recent reports by human rights organisations such as Amnesty International have highlighted growing evidence of extrajudicial killings and evidence tampering by Rio's military police.

In the past five years, the police have been responsible for 16 percent of homicides in Rio (or 1,519 murders), excluding off-duty police officers. Such violence and corruption has undermined local community trust in the Pacifying Police Units (UPPs) set up in pacified favelas, where in some favelas, such as Maré, local residents have started calling for the return of the army. Police-led occupations of Chapadão and Pedreira are likely to be further undermined by budget constraints, and Rio authorities recently suggested that the security operations may even be delayed until after the Olympics.

Occupying Chapadão and Pedreira may partially mitigate organised crime risks to spectators attending the Olympics. Ultimately, however, occupying these favelas would only be a short-term and localised solution to the wider organised crime problem in Rio, which will continue to pose a long-term risk.

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Sub-Saharan Africa



Gabrielle Reid, explores how kidnappings perpetrated by Islamist militants in the Sahel re-emerged as a threat in 2015 as a result of protracted insecurity in northern Mali. Looking ahead, various political evacuation orders are likely to be issued in Africa over the coming year and will require close monitoring.

Kidnappings Return to the Sahel

In the first month of 2016, there were three high-profile kidnappings in the Sahel. On 8 January, Swiss national, Beatrice Stockly was abducted from her residence in the northern Malian city of Timbuktu by militants aligned with Al Qaeda in the Islamic Maghreb (AQIM). This was the second time the Christian missionary had been kidnapped, having been seized by the Islamist militant group, Ansar Eddine in 2012. A week later, Ansar Eddine claimed responsibility for the kidnapping of two Australian doctors in Baraboule, in northern Burkina Faso on 15 January. While kidnapping has long been a security concern in the region, there had been a lull in the number of reported incidents since 2013. Yet, 2015 saw a significant increase in Islamist militancy in northern Mali, marked by the stark comeback of AQIM and its affiliates. Now, with Ansar Eddine behind the latest attack and AQIM ally, Al Mourabitoun claiming responsibility for the abduction of a Romanian national in Tambao, Burkina Faso in April 2015, it appears that kidnapping for ransom has re-emerged as a more prominent threat.

At the height of its kidnapping activity in 2011/2012, it was estimated that AQIM generated upwards of USD 5.4 million per kidnapping, culminating in approximately USD 200 million between 2003 and 2013.

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The activity was one of the primary sources of revenue for the group, together with the control of key smuggling routes in largely ungoverned areas of the Sahel. While the reduced presence of high-profile targets in the group's primary areas of operation, coupled with the French-led Operation Serval counterinsurgency campaign in Mali between January 2013 and July 2014, led to a decrease in the number of attacks, the threat was not eliminated. In light of the failed implementation of the June 2015 Algiers Accord, which sought to bring peace to Mali's northern Gao, Kidal and Timbuktu regions, protracted insecurity in the north has allowed Islamist groups, including AQIM, Al Mourabitoun and Ansar Eddine to return to their prior operations.

Beyond the Sahel, with reports of AQIM, Al Mourabitoun and Ansar Eddine increasingly coordinating their efforts, the threat of Islamist militancy is also likely to extend into wider West Africa. Certain commentators argue this southward trajectory has been facilitated by the advance of smuggling networks, with intermediary groups eager to sell on trafficked goods. Looking forward, the nexus between Islamist militancy, smuggling networks and insecurity in peripheries is likely to increase the threat of kidnappings by these groups.

Significant Kidnap Incidents in Timbuktu, Mali

16 September 2014

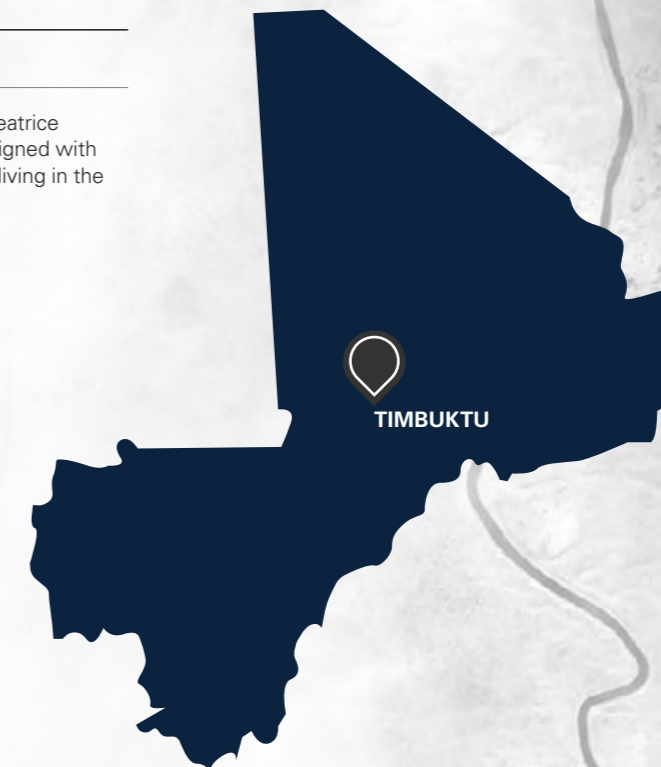
On 16 September 2014, Al Qaeda in the Islamic Maghreb (AQIM) abducted five members of a Tuareg family from the vicinity of Timbuktu for supposedly collaborating with French forces. One man was beheaded and the other four released on 24 September 2014.

6 April 2015

On 6 April 2015, a Dutch national who had been kidnapped in Mali in 2011, was rescued during a French-led operation in northern Mali. The foreign national had been kidnapped by militants aligned with AQIM from his hotel room in Timbuktu in 2011 together with a Swedish and South African national. He was reportedly moved to several locations during his detention.

8 January 2016

On 8 January 2016, Swiss national, Beatrice Stockly, was kidnapped by gunmen aligned with AQIM. The foreign national had been living in the city for several years.



Source: Mapbox

Looking Ahead in 2016



US marine evacuates embassy staff in South Sudan. Source: flickr.com



With **14 countries heading to the polls**, 2016 is likely to usher in greater operational uncertainty across the continent.

Political Evacuation in Africa

With conflicts on the continent continuing to fluctuate in intensity, political evacuation will remain a prominent concern for operating in Africa over the coming year. In 2015, Western governments issued evacuation orders for Burundi and the Central African Republic (CAR), with temporary 'authorised departure' of non-essential embassy personnel and their families issued in Chad and Burkina Faso. With 14 countries heading to the polls in the coming months, coupled with ongoing conflicts in Burundi, the CAR, the Democratic Republic of Congo (DRC), Mali, Nigeria, South Sudan and elsewhere, 2016 is likely to usher in greater operational uncertainty across the continent. While government-issued evacuation orders remain a key determinant for many businesses to evacuate staff, the often underlying political nature of these orders and the diversity of company employee bases can lead to additional complicating factors during an emergency situation. It is thus becoming increasingly necessary to bolster pre-emptive operational capacities to limit unforeseen evacuation costs.

The threat of civil war is likely to remain a key driver of political evacuation this year. In South Sudan, despite signing a peace agreement in August 2015, South Sudanese President Salva Kiir and former vice president and rebel leader, Riek Machar have been unable to secure sustainable peace in the war-torn country. While a transitional government has been formed, it remains vulnerable to collapse. Further south, Burundi also appears to be teetering on the brink of renewed violence following controversial elections in July 2015 which saw incumbent President Pierre Nkurunziza secure a controversial third term. Since then, the country has become increasingly polarised. Many international media sources have warned of an impending

civil war imitating similar Hutu/Tutsi divides seen in the previous civil war between 1993 and 2005. For now, the conflict remains political and Nkurunziza is keeping opposition at bay, with reports of extrajudicial killings. Yet, with underlying societal divisions in addition to a fractured army, an escalation appears unavoidable.

The growth of Islamist militancy in West Africa and the Sahel is an additional factor that needs to be monitored for political evacuation. In particular, the Nigeria-based Islamic militant group, Boko Haram's penetration of Cameroon, Chad and Niger has placed these territories on key watch lists for further violence in 2016. Moreover, despite overcoming its leadership crisis in 2015, following the ousting of long-serving leader Blaise Compaoré in October 2014, Burkina Faso, together with Mali, is emerging as a new frontier in the fight against Islamist militancy in the southern Sahel.

Contested elections are also likely to raise security alerts across the continent. Key among those heading to the polls in 2016 include, Uganda, the DRC and the Republic of Congo where long-term leaders, Yoweri Museveni, Joseph Kabila and Denis Sassou Nguesso are keen to secure another term despite growing popular opposition. The year also marks the end of Somalia's optimistic Vision 2016 plan that paved the way for popular elections; however, it seems increasingly unlikely that the Federal Government will be ready to preside over a general election, presenting an opportunity for renewed unrest.

The year ahead in sub-Saharan Africa will continue to present an operating environment where risk versus reward will need to be continually assessed. Staying abreast with developments on the continent remains a vital component to operations.

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The Middle East & North Africa



Julian Karszen reviews the ways in which the Islamic State militant group has consolidated its operations in Iraq and Syria over 2015, with a focus on the group's diverse sources of income. Going into 2016, as IS's influence spreads throughout the globe, the group's growing array of affiliates are increasingly likely to replicate its modus operandi – specifically IS's use of kidnapping as both a propaganda tool and means of raising funds.

Islamic State Consolidates its Operations in Iraq and Syria

As the Islamic State (IS) militant group has expanded and consolidated its control over territory in Iraq and Syria over the past year, this has been accompanied by wide-ranging kidnapping operations and extortion activities by the group. The most publicised incidents involve the kidnap and execution of foreign nationals, depicted in high-resolution in the group's many propaganda videos. However, while previous kidnap operations by IS placed an emphasis on the targeting of foreigners (specifically Westerners) for both financial and propaganda purposes, as the number of foreign nationals in IS-held territory has dropped since 2014, the group shifted its targeting patterns accordingly in 2015.

By far the highest proportion of IS's kidnap victims in 2015 comprised local ethnic minorities in areas under its control, such as Assyrians and Yazidis. Evidence indicates that the group not only conducted mass kidnappings of ethnic minorities but that a high number of those targeted were ransomed off to family members. For instance, in February 2015, IS kidnapped over 200 Assyrian civilians from the town of Tel Temir in northern Syria, subsequently demanding a ransom of about USD 100,000 for each hostage. Indeed, in light of international military operations against IS,

which have reduced the ability of the group to raise funds via control of oil assets, it has become evident that internal kidnap and ransom operations of locals have increasingly become a valuable source of revenue for the group.

Apart from these operations, as IS's revenues from illicit oil sales have dwindled over 2015 the group has become increasingly adept at generating revenues via extortion and taxation. IS collects a percentage of the salaries of all residents of territory it controls, reportedly up to 20 percent in some cases. IS also imposes taxes on all organised economic activity, including the overland transport of goods by long-haul truckers. In addition, IS has implemented a protection tax, or 'Jizya', to be paid by non-Muslims living in the group's territory.

By exploiting the population in areas under its control, IS has managed to consolidate its hold over territory by ensuring a steady stream of income independent of any external support. Reports released early in 2015 indicated that up to 60 percent of IS's daily revenue was being accrued via extortion, kidnap and ransom, and taxation. This has contributed to the group's proven resilience in the face of considerable military pressure from the anti-IS alliance.

Apart from widespread kidnap and ransom operations, as IS's revenues from **illicit oil sales** have dwindled over 2015 the group has become increasingly adept at generating revenues via **extortion and taxation.**"

Sources of income for the Islamic State

49%

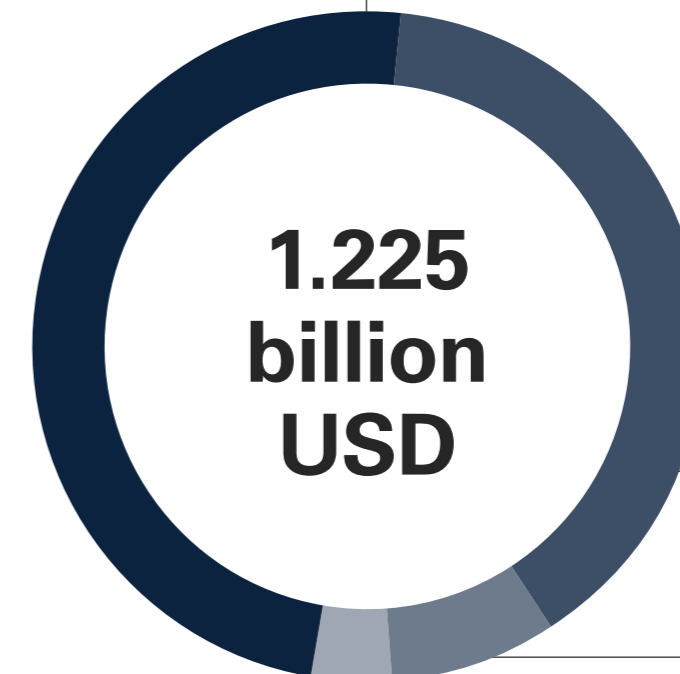
Taxes and extortion

IS enforces a blanket tax, or zakat, on Muslims living in its territory. In addition, the group reportedly takes a cut of all salaries paid to Iraqi government employees, as well as a small percentage of money transfers sent to locals from relatives living abroad.

39%

Oil

IS's principal oil producing region is in Syria's Deir Ezzor province, with an estimated total production of between 34,000 and 40,000 barrels a day. The majority of IS's petroleum is sold locally in Iraq and Syria, although some is still reportedly smuggled into neighbouring countries.



8%

Sales of stolen antiquities

IS has looted archaeological sites and museums across Syria and Iraq which include antiquities from the Roman, Greek, Byzantine and Islamic periods. Many of these ancient artefacts are smuggled out of IS territory and sold on the black market.

4%

Kidnap and ransom operations

While there is evidence that IS has exchanged a small number of foreign hostages to Western states for sums of cash, the majority of the group's victims are local civilians in Iraq and Syria who are ransomed off to family members.

Income amounts by source in 2015*

Taxes and extortion	USD 600 million
Oil	USD 480 million
Sales of stolen antiquities	USD 100 million
Kidnap and Ransom operations	USD 45 million
Total for 2015	USD 1.225 billion

*Figures are rough upper estimates. Source: rand.org

Looking Ahead in 2016

Islamic State's Affiliates in the Middle East & North Africa



Source: flickr.com

Islamic State's Global Affiliates to Play Follow the Leader

The past year has seen the influence of the Islamic State (IS) militant group grow across the globe, with affiliates announcing themselves in Afghanistan, Yemen, Libya, Egypt and elsewhere. As these groups attempt to emulate the main organisation, they are likely to place an increasingly high emphasis on carrying out kidnapping operations in line with IS's activities in Iraq and Syria, where the group's propaganda videos featuring kidnapping victims serve to bolster IS's reputation in the face of military difficulties.

However, while IS in Iraq and Syria is to serve as the blueprint, the nature of affiliates' kidnapping operations will vary depending on local dynamics. For instance, where IS affiliate groups are weakly entrenched there is likely to be a dominant focus on kidnapping for propaganda purposes. In areas such as Tunisia's Kasserine province or Algeria's mountainous Kabylie region, IS's affiliates are under significant pressure from the state security forces, being forced to keep on the move in order to evade security patrols and cordon and search operations. This constrains their ability to hold hostages for an extended amount of time, meaning that victims are more likely to be executed for propaganda purposes than traded for ransoms.

Additionally, while the priority targets for these groups are likely to be foreign nationals, locals may also be targeted where foreigners

are scarce. For instance, in October 2015, a group that has pledged support to IS in Tunisia's Kasserine region – Okba Ibn Nafaa – kidnapped a teenage shepherd in the Mount Mghila area. The group subsequently published a video in which the shepherd is accused of being a spy for Tunisian security forces and is beheaded. The video is reminiscent of the many publications produced by IS in Iraq and Syria depicting the execution of 'spies'.

On the other hand, where IS affiliates have a stronger military presence and exercise control over territory, such as in eastern Libya, these activities are likely to expand to include mass kidnappings of ethnic or religious minorities. While victims of mass kidnappings are likely to be ransomed off, these types of kidnappings also often serve a major propaganda purpose for IS to demonstrate military dominance and absolute control over a particular area.

With IS in Iraq and Syria coming under severe pressure from multiple military offensives by both international and local forces, the group is likely to reach out to its global affiliates to encourage the spread of influence in 2016. These affiliates in turn may increasingly come to rely on the propaganda effect of kidnapping operations, particularly where local dynamics and competition with other militant groups make it difficult to replicate the military successes of their namesake in Iraq and Syria.

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Asia Pacific



Mandira Bagwandeem examines the heightened kidnapping and extortion risk to travellers in the Philippines following the kidnapping of several foreigners and a local bullet planting scheme at several airports in 2015. Further east, China's anti-corruption campaign will be watched closely by the private sector in 2016.

Kidnapping and Extortion in the Philippines

Though the risks of kidnapping and extortion in the Philippines are well-known, significant developments in 2015 pose new threats to travellers to the region.

The threat of kidnapping specifically was elevated in the Philippines this past year and was driven by the Abu Sayyaf Group (ASG), a militant Islamist organisation that pledged allegiance to the Islamic State (IS) in 2014. The organisation relies heavily on kidnap for ransom and extortion for income. In 2015, the group carried out several kidnappings in the Philippines' southern islands, including Mindanao and the surrounding islands in the Sulu Archipelago. In addition to kidnapping locals, the ASG carried out multiple kidnappings targeting South Koreans and several westerners.

The most significant attack occurred in September 2015, when the ASG kidnapped two Canadian tourists, a Norwegian resort manager and one Filipino woman from a holiday resort on Samal Island, in Davao del Norte province. The attack indicated an increase in sophistication of the ASG's capabilities as the kidnapping took place in east Mindanao, an estimated 800km from the Sulu Archipelago where the group operates. Tanum, one of the ASG's subgroups located in the Sulu province, is believed to have been responsible for the incident. Though little is known about the group, one of its chief members, Muamar Askali, was a student of Umar Patek, the bomb maker that was involved in the 2002 Bali Bombings. He is also believed to have been the mastermind behind the 2014 kidnapping of two Germans. Authorities believe that

Tanum is responsible for a renewed Islamist radicalisation drive in Sulu as it endeavours to expand the ASG's reach and make it an effective Islamist movement worthy of being a formal IS affiliate.

Extortion schemes also grabbed attention in 2015. The so-called 'bullet-planting scheme,' while not a new extortion activity in the Philippines, re-emerged in the past year as the number of people falling victim to this scam increased. With most incidents taking place at Manila International Airport, airport security officials and workers reportedly plant ammunition in the luggage of passengers to enable them to extort various amounts of money from the victims at a later stage. The scam is reportedly built off a tradition for some Filipinos to carry bullets as lucky charms. To avoid being caught with ammunition in their luggage, travellers pay between USD 30 to USD 1,800. From January to October 2015, more than 1,400 passengers were apprehended for having ammunition in their luggage. Recently, in September 2015, a 20-year-old American missionary fell victim to the scheme in which assailants attempted to extort nearly USD 1,000. The missionary refused to pay the money and subsequently spent six days in prison, only to be released after posting a USD 2,500 bail.

In response to these incidents, the government launched an investigation into the bullet planting scam in November 2015, and has arrested several individuals. Even though monitoring and surveillance measures have been boosted at airports, these scams are likely to continue.

Significant Kidnap Incidents in the Philippines

Dipolog City, Zamboanga del Norte Province

On 7 October 2014, an Italian national was kidnapped in Dipolog City. The man was kidnapped from outside a local café that he owns in the vicinity of the Lee Plaza shopping mall. No group claimed responsibility for the kidnapping; however, authorities suspect that the ASG was behind the incident.

Mabuhay, Zamboanga Sibugay Province

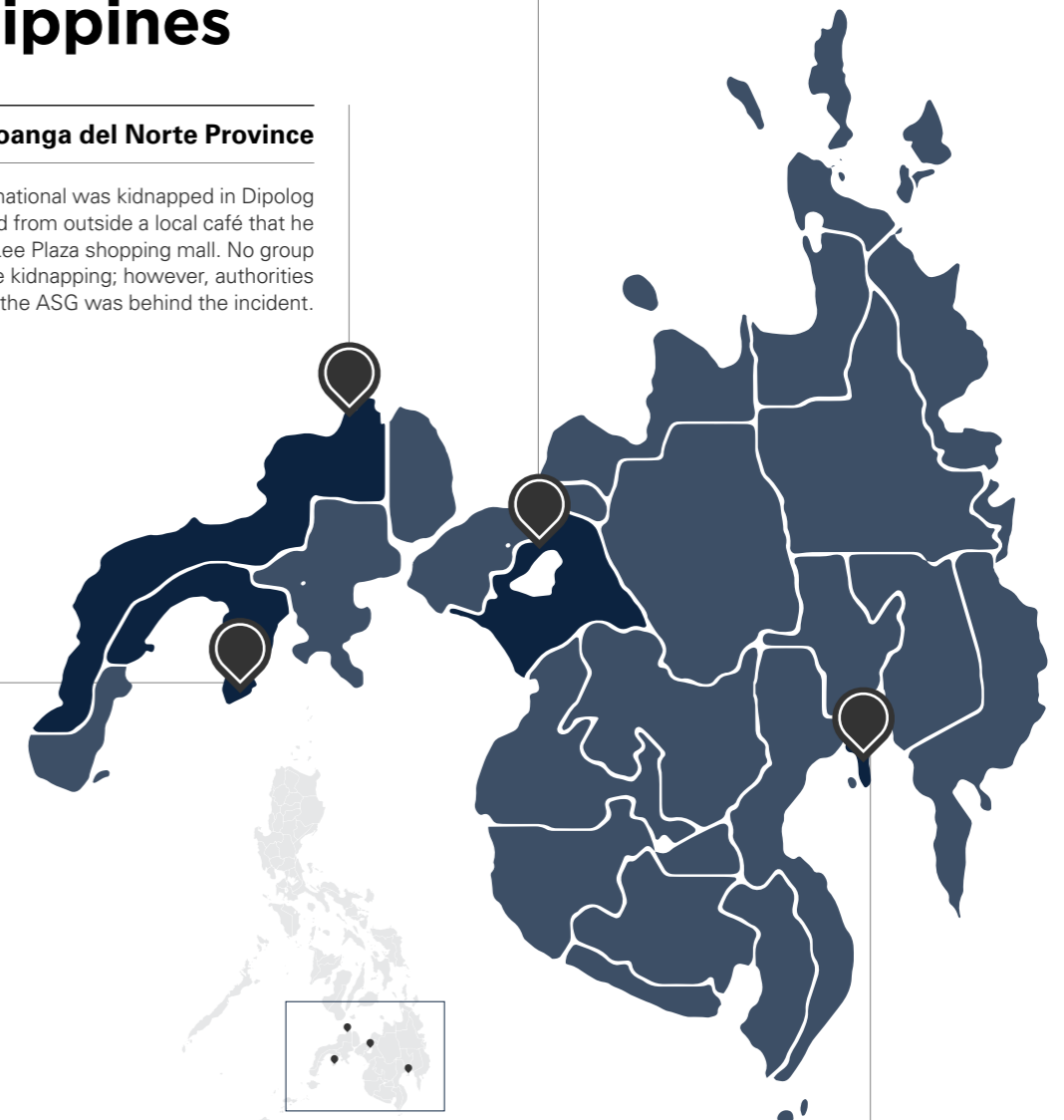
On 24 January 2015, five ASG-affiliated gunmen kidnapped a South Korean national. The group demanded a ransom of PHP 500 million (USD 11 million) in exchange for his release. On 1 November, authorities announced that they discovered the victim's dead body near Sulu State College in Jolo.

Davo City, Davao del Sur Province

On 20 September 2015, 20 ASG-affiliated gunmen abducted a Norwegian, two Canadians and a Filipino woman from a holiday resort in the Island Garden City of Samal. The ASG demanded that PHP 1 billion (USD 21 million) be paid for each of the hostages to secure their freedom; however, in late November the amount per hostage dropped to PHP 300 million (USD 6.5 million). In December 2015, one Filipino soldier and eight ASG militants died after an attempt to free the hostages. Despite an unsuccessful operation, the army insisted that it would not negotiate with the ASG. Instead, it asserted that it will continue with its offensive against the organisation.

Saguiaran, Lanao del Sur Province

On 19 January 2015, three unidentified men abducted a South Korean man near Barangay Mipaga in Saguiaran, Lanao del Sur Province. The victim was released on 3 February, although it is unclear if a ransom was paid to secure his release. No group claimed responsibility for the incident.



Looking Ahead in 2016



Source:
commons.wikimedia.org

149 The Central Commission for Discipline Inspection, China's corruption watchdog, has investigated **149 government institutions** since late 2012 and aims to finish inspecting all **280 government bodies** by the end of 2017.

China's Anti-Corruption Campaign Enters the Private Sector

The recent detention of two high-profile businessmen serves as an announcement that Chinese tycoons are not exempt from the government's anti-corruption drive. Since coming into power in November 2012, President Xi Jinping has sought to crackdown on corruption, targeting both high profile cadres and low-level officials also referred to as 'tigers and flies.' The Central Commission for Discipline Inspection (CCDI), China's corruption watchdog, has investigated 149 government institutions since late 2012 and aims to finish inspecting all 280 government bodies by the end of 2017. Reportedly, over 100,000 people have been arrested since the start of the campaign. Unlike government officials and executives of state-owned enterprises, businessmen in the private sector have rarely been targeted. However, the detention of several high profile businessmen in recent months indicates that China has extended its campaign.

On 11 December 2015, Guo Guangchang, China's 17th richest person and the chairman of Fosun group, the country's largest private-sector conglomerate, was detained by authorities to reportedly assist with investigations. Though the details of the investigation remain unknown, some reports allege that it was in connection with a corruption case involving Ai Baojun, the former vice mayor of Shanghai and director of the Shanghai free trade zone. While it is not clear when Guangchang was released, he made a public appearance on

14 December at Fosun's annual meeting during which he refrained from discussing his disappearance. Following this, on 7 January 2016, reports emerged that China's 62nd richest man, Zhou Chengjian, founder of one of the country's most popular fashion brands, Metersbonwe, had been detained by authorities to help with investigations into insider trading and stock manipulation. Chengjian returned to work on 18 January 2016.

While a clampdown on corruption in the private sector has been welcomed by advocates of clean corporate governance, businessmen and investors are concerned about the risks of being embroiled in the campaign. Investigations have the potential to cause damage to reputation and market share. As such, several prominent companies have chosen to carry out internal investigations to identify employees suspected of corrupt practices such as bribery and embezzlement. By launching their own initiatives in this regard, private companies are guarding themselves from negative repercussions associated with being linked to the government's current campaign.

As Jinping continues to crackdown on high-profile officials and civil servants, suspected private businessmen are likely to be detained without warning, and if charged, could face lengthy jail terms. While the initiative may serve to improve the government's public image in the long term, in the short term business continuity may be affected.

“While a clamp down on corruption in the private sector has been welcomed by advocates of clean corporate governance, businessmen and investors are concerned about the risks of being embroiled in the campaign.”

Russia & CIS



Saif Islam discusses the prevalence of corruption and extortion in Russia and Ukraine amid the regional economic contraction, which had a negative impact on investor confidence in 2015. The economic slowdown has also resulted in protests in Russia, Azerbaijan and Kazakhstan, which are likely to increase the risk of wrongful detention in 2016 as authorities try to clamp down on dissent.

Corruption and Extortion in Russia and Ukraine

Over 2015, corruption remained a deep-rooted phenomenon among the Commonwealth of Independent States (CIS). Unsurprisingly, according to Transparency International's 2015 Corruption Perceptions Index, only two countries from the CIS region are ranked among the top 100 countries, perceived to be least corrupt: Georgia (48) and Armenia (95). Russia and Ukraine, on the other hand, are ranked 119th and 130th respectively.

In his December 2015 state of the nation address, Russian President Vladimir Putin acknowledged that corruption and extortion are major problems in Russia. He stated that in 2014, of the 200,000 business-related criminal cases investigated by Russian authorities, only 15 percent ended in convictions – yet, 83 percent of those investigated had their businesses expropriated. Putin admitted that the expropriation of private businesses along with other extortionist practices by state officials, have hurt the country's business climate. Russia's judicial branch has also been involved in high-profile corruption scandals, with corruption allegations recently levelled against prosecutor general Yury Chaika's family, his office and the Investigative Committee of Russia.

Ukraine's pro-Western government led by President Petro Poroshenko has also come under criticism for failing to combat corruption. Over the past year, there has been some progress in terms of implementing anti-corruption reforms. These reforms include improving whistle-blower protection, new mechanisms to curb corruption in public procurement, and legislation on political party financing. Nevertheless, the measures have not been far-reaching or effective enough to make a meaningful impact. Notably, critics have accused the country's prosecutor general, Viktor Shokin, of protecting corrupt political and business figures. These have included Volodymyr Shapakin, a chief director in Shokin's office, who was arrested in July 2015 on suspicion of taking bribes and running extortion rackets. Shokin has since been asked to resign as a result of the allegations.

In the context of a global and regional slump, Russia and Ukraine's economic growth prospects for 2016 are modest. Authorities have limited options to revive their economies, although a lasting resolution to the armed conflict in Eastern Ukraine would certainly help. Clamping down on corruption and extortion activities could also go a long way towards boosting investor confidence in this economic climate.

83%

In 2014, of the 200,000 business-related criminal cases investigated by Russian authorities, **83 percent had their businesses expropriated.**

Azerbaijan's Political Prisoners

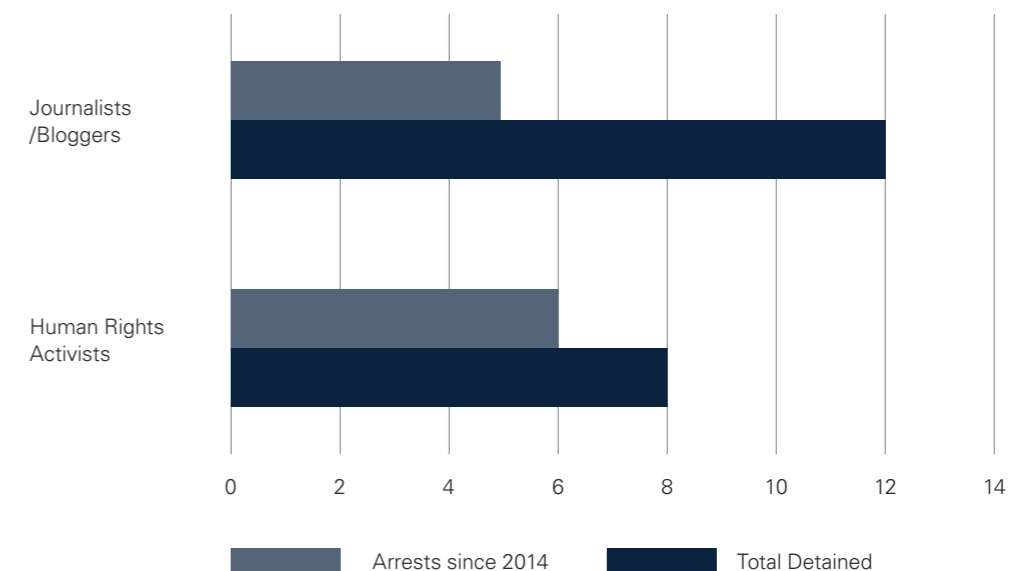
Khadija Ismayilova:

The Face of Azerbaijan's Latest Human Rights Crackdown

In September 2015, Khadija Ismayilova, one of Azerbaijan's foremost investigative journalists, was jailed for seven and a half years by a court in Baku on charges of embezzlement, tax evasion, abuse of power and running an illegal business, becoming yet another victim of Azerbaijan's oppressive regime as a result. Human rights groups have slammed the case against Ismayilova, accusing President Ilham Aliyev's government of fabricating the charges in response to a series of articles she had published on state corruption in the South Caucasus country.

Ismayilova's case has become a cause célèbre for opponents of the Azerbaijani government and is a prominent reminder of the country's poor rights records. Azerbaijan has long been criticised over its suppression of press freedom and civil liberties and the past year has seen continued deterioration of the country's reputation on the international stage. Reporters Without Borders, a French NGO that campaigns for press freedom, accused Baku of "*silencing the few remaining independent voices that it has not already managed to suppress*" in 2015, ensuring that Azerbaijan fell to 162nd of the 180 countries on its World Press Freedom Index.

Prominent Political Prisoners



Source: Human Rights Azerbaijan

Looking Ahead in 2016



Source: thenation.com

In mid-January 2016, at least **55 people were arrested** in Azerbaijan following several largely peaceful protests against inflation and unemployment in the districts of Fizuli, Aqsu, Aqcabardi, Siyazan, and Lankaran.

Economic Pressures Raise the Stakes in the CIS

Since the early 2000s, many of the regimes in the Commonwealth of Independent States (CIS) have enjoyed consistent economic growth on the back of commodity exports, which allowed them to establish patronage-based political systems and suppress opposition groups. However, since early 2014, persistently low oil and commodity prices, as well as Western sanctions on Russia, have contributed to a major economic slowdown in the region. Driven by a fall in real wages and high inflation, popular discontent is reportedly increasing, especially in Azerbaijan, Kazakhstan and Russia, countries with an already limited tolerance for dissent. While the likelihood of significant political violence in these countries in 2016 is low, in the event of popular unrest amidst worsening economic woes, the ruling governments are likely to step up their suppression tactics against members of the opposition, civil society and media.

Events in 2015 and early 2016 already hint at an increase in civil unrest and wrongful detention throughout the region. In mid-January 2016, at least 55 people were arrested in Azerbaijan following several largely peaceful protests against inflation and unemployment in the districts of Fizuli, Aqsu, Aqcabardi, Siyazan, and Lankaran. Among the arrested were protesters, opposition leaders and activists, some of whom claimed to have

been wrongfully detained. Moreover, in Russia, there have been minor protests and strikes by teachers, doctors and workers throughout the country over the past year. In Moscow, long distance truck drivers, part of President Vladimir Putin's working-class base, have been peacefully protesting a new road tax for almost two months. If these protests cause significant disruptions or turn violent in the near future, harsh crackdowns including wrongful detention by security forces are highly likely. Across the border, Kazakh authorities also seem to have turned a blind eye to minor public protests over currency devaluation in Almaty in recent months, but any escalation will likely be met with strong punitive measures.

Low commodity prices and declining government revenues have become a new reality in the CIS region. As these governments find themselves in uncharted territories, they will be wary of any signs of major unrest. This will also make it difficult for opposition groups, civil society and journalists to scrutinise the governments' handling of the crises, especially considering the traditionally high level of intolerance towards dissent. Since wrongful detention remains a useful tool of political repression in the region, particularly in Azerbaijan and Kazakhstan, uncertain socio-economic dynamics are likely to increase its occurrence as these governments seek to strengthen their grip on power in 2016.

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About



Led by its Business Intelligence division, S-RM leverages its holistic risk management expertise to provide XL Catlin with a range of information resources and advice to inform their business operations. The Global Security Insight Special Edition is an annual publication that develops the themes of the previous quarterly bulletins produced for the GSI platform, which provides in-depth coverage of kidnapping, extortion, political evacuation and associated risks for over 200 countries across the globe. This Special Edition is one of a number of bulletins that profile recent kidnap for ransom incidents, related events and global developments worldwide which have the potential to impact personal safety and the safety of a client's family and/or personnel.

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