

[EXTRACT]

## **Intrigue, Brinksmanship Woven Into Hidden World of Pirate Ransoms**

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When Tunisia's transport ministry announced earlier this month that it had secured the release of the hijacked ship the Hannibal II and its 31 crew members, authorities released few details other than saying it had paid a \$2 million ransom to the Somali pirates. These kinds of payments are now so common that they've given rise to a formal system of insurers, ransom experts and security consultants who specialize in piracy.

There may be no official playbook for dealing with piracy, but in interviews with AOL News, those involved in the settlements describe a hidden world of money drops, white-knuckle negotiations and ethical dilemmas.

"We don't call ourselves negotiators; that's a Hollywood term," Mark Harris of ASI Global, a consultancy that specializes in kidnap and ransom cases, told AOL News. "But we do help with advice on how best to manage an incident to a successful conclusion."

That conclusion -- the safe release of the crew, ship and cargo -- is not as simple as just paying money, according to Harris. "The negotiation with the pirates is one of the simplest issues, when it comes down to it," he said, adding that negotiations are often about ensuring captured crews have access to food and medicine, making sure their families are looked after, and that all the governments and their agencies are dealt with appropriately.

When pirates take over a ship, the first order of business is to subdue and contain the crew, moving them to a central location. Then as quickly as possible they will take the ship to a central port, where there may be as many as 30 other hijacked ships moored.

Once secured, they typically have the ship's master call the ship's owner to alert them they've been hijacked. At that point, ship owners will typically bring in consultants to help advise and handle the negotiations.

"If it's confirmed the ship is hijacked, the victimized shipping company calls us and we deploy," says Jack Cloonan, a retired FBI special agent who now heads the special risks team for Red24, a security assistance company that has also been involved in piracy negotiations.

For those involved in trying to secure the ship's release, the months-long negotiation process can be frustrating: Demands might be all over the map, and it's often hard to tell who is actually in charge. According to Cloonan, pirates will often threaten to destroy cargo, or they will perform mock executions of the crew.

"They know how to apply pressure," he said.

Perhaps the greatest irony of ransom negotiations is a seemingly counterintuitive idea: Giving in to initial demands to minimize the amount of time the crew spends in captivity is worse in the long run, argue those familiar with the process, because it increases prices and makes capturing crews even more profitable. In the end, it often takes about six months to secure a ship's release.

The money that ship owners are forced to pay to secure the release of cargo and crew are driving another part of the industry: insurance policies to cover the ransom payments. "Premiums themselves have been a roller coaster," said Charlie Matheson, who handles kidnap and ransom policies at Jardine Lloyd Thompson Ltd., one of the largest ship insurers. "They started high, came down, and now they're moving back up again."

These days, ship owners typically take out a \$5 million policy, according to Matheson.

Even once a ransom sum is negotiated, there are legal issues to contend with for those involved. Many countries, including the United States, have laws prohibiting financial support for terrorist groups, which would cover ransoms. Though the Somali pirates are traditionally viewed as criminals rather than terrorists, the anti-terrorism laws continue to be a concern for all involved in ransom payments.

"It's a difficult area," Matheson said, adding that ransom policies are set up to avoid that issue. "[Kidnap and ransom] are policies of reimbursement, so insurers don't pay the ransom directly, they reimburse the ship owner."

The payment, typically between \$2 million and \$5 million, is delivered in cash, often by airdrop to the ship. Harris, of ASI Global, described it as an "interesting process" that involves all of the pirates -- sometimes as many as 60 -- coming on the vessel and the proceeds being divided up according to each participant's role. There's a cut for the assault group that took control of the ship, for the negotiators, for those behind who invested in the venture, and for the guards and any others involved in the hijacking.

Though many aspects of the negotiations might be unpredictable, the one thing pirates hadn't done -- at least until recently -- is kill hostages. In February, four Americans aboard a pirated yacht [were killed by their captors](#).

Cloonan said those killings will likely complicate future negotiations with pirates. "It's not a good day for anybody," he said. "[The pirates'] brand has been ruined."

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<http://www.aolnews.com/2011/03/27/hidden-world-of-pirate-ransoms/>