



Counter-Terrorism and Security Bill

Top Lines

- Terrorists have long used kidnap for ransom to raise money to increase their capability. Payment of terrorist ransoms not only strengthens terrorists' ability to organise and carry out terrorist attacks; it also enables them to maintain their groups, recruit and retain members – and it incentivises future kidnaps. Terrorist groups operating in Syria and Iraq – including ISIL – are using kidnap for ransom to raise funds.
- The UK's position on payment of terrorist ransoms is very clear: we do not pay, on the basis that providing money or property to a terrorist group fuels terrorist activity; and encourages further kidnaps. Payment of terrorist ransoms is illegal under the Terrorism Act 2000 – and this has extra-territorial effect.
- The UK has taken the lead internationally in promoting this position. We delivered the G8 communiqué on non-payment of terrorist ransoms in June 2013 and were instrumental in securing the adoption of UN Security Council Resolution 2133 in January 2014. We should leave no stone unturned in our approach to minimising the incidence of terrorist ransom payments.
- We judge there to be a small risk that individuals or companies with kidnap and ransom insurance could exploit a lack of clarity in UK legislation around reimbursement of terrorist ransoms. In other words, the expectation that a ransom payment may be reimbursed creates an environment which may facilitate the payment of terrorist ransoms in the first place.
- The UK leads the world in insurance provision. Our insurance market sets the global standard for professionalism and competitiveness, and it conducts itself with the highest standards of integrity. We want to make it clear to the market that insurers will not reimburse ransom payments made to terrorists under any circumstances.
- This change will create a new offence which will explicitly prohibit the reimbursement of a payment which they know or have reasonable cause to suspect has been made in response to a terrorist demand.

Background

- The Terrorism Act 2000 already criminalises instances of terrorist financing (sections 15-18 of the Terrorism Act 2000). It is a criminal offence to provide, use or possess funds or property where an individual intends or has reasonable cause to suspect that such funds/property will be used for the purposes of terrorism. It is also an offence to enter into an arrangement where an individual intends or has reasonable cause to suspect that funds or property will be made available for the purposes of terrorism as a result of that arrangement.
- In June 2013, the G8 made an unequivocal commitment to reject ransom payments to terrorists in accordance with the UN Sanctions regime. Building on this, a standalone UN Security Council Resolution (2133) tackling kidnap for ransom was adopted earlier this year (2014). It calls on all Member States to prevent terrorists from benefiting directly or indirectly from ransom payments and expresses the Council's determination to secure the safe release of hostages without ransom payments or political concessions.

Key facts

- **Between Sept 2013 and Sept 2014, ISIL raised an estimated US\$35m-45m from kidnapping.**
- Over the past 4 years, Al Qa'ida and its affiliates have raised an estimated US\$145m.
- The average ransom payment is US\$2.7-2.9m per Western hostage.

Key quotes

"...All those people who signed these declarations know that what matters is not your signature on a declaration but not letting money be paid to terrorist kidnappers because that money goes into arms, it goes into weapons, it goes into terror plots, it goes into more kidnaps."

Prime Minister, September 2014



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Why do we need to prevent ransom payments to terrorists?

- Terrorist kidnap for ransom is a significant terrorist financing challenge and it poses a serious threat to nationals of all countries.
- Payment of terrorist ransoms enables terrorists to fund their organisations and future activity, including attacks against the UK.
- Not paying ransoms is not an easy policy to follow, but it is right because it deters further kidnaps and ensures that terrorists do not benefit from violence.

Why is new legislation needed?

- There is a risk that individuals could pay terrorist ransoms with the expectation that they will be reimbursed under a contract of kidnap and ransom insurance.
- We consider this expectation could create an environment which facilitates the payment of terrorist ransoms, even though that is already an offence under UK law.
- Such a situation is contrary to the spirit of our existing terrorist finance legislation and is out of line with our clear position on non-payment of terrorist ransoms.

Have UK insurance companies reimbursed payments made to terrorist groups in the past?

- The UK insurance industry conducts itself professionally and in line with UK legislation and regulations. There is no suggestion that UK insurance companies have been reimbursing payment of terrorist ransoms.
- We do not want insurance companies to be put in the position whereby they reimburse payments which have gone to terrorist groups. The new legislation will reinforce current practice by the UK insurance industry, which is to ensure ransom payments made to terrorists cannot be reimbursed under insurance cover.

What does this mean for the UK insurance industry?

- The K&R market represents a very small part of the insurance industry; it also represents a very small part of the business of those companies which offer it. We judge that the impact of this measure both on the industry as a whole and on those individual companies which provide it will be small.
- Insurance companies are already required to carry out appropriate due diligence to ensure payments are not being made to proscribed terrorist entities. If insurance companies have reasonable cause to suspect the ransom has been or will be paid to terrorists, they are obliged to raise their suspicions to the National Crime Agency and need to seek consent before making any payments.
- We have consulted the insurance industry on this measure and will work closely with them as we take it forward.

What can the UK Government do to stop non-UK insurance companies from reimbursing terrorist ransoms?

- The UNSCR on kidnap for ransom (2133) calls on Member States to prevent terrorists from benefiting directly or indirectly from ransom payments. More importantly, it calls on Member States to work with the private sector to respond to terrorist kidnappings without paying ransoms.
- Member States are responsible for ensuring that terrorists do not benefit from insurance payments – by legislating, the UK is making its position clear on this issue and we would encourage other nations to follow this too.