



Risky Business: Assuming Your Domestic Insurance Policy Protects You Overseas is Never a Good Idea

Professional service providers can spend as much time on the road as they do at their desks. Visiting clients, selling to new prospects, bidding for contracts, demonstrating products, conducting sales training, and promoting their expertise at trade shows and conferences are just some of the reasons these business pros travel. Increasingly, such business travel takes them outside the U.S., where domestic insurance coverages can, and frequently do, fall woefully short.

Risks Mount When Things Go Wrong Overseas

Business travel and practice goes smoothly more often than not. But what happens when a trade-show display booth or suitcase full of product prototypes is missing? Who assumes the risk if an employee is seriously injured, becomes ill, or dies while working outside the U.S.? Even common mishaps that are handled with ease in the U.S. can snowball on foreign soil. Linguistic and cultural differences can derail efforts to find appropriate medical care or report theft, while exacerbating traffic violations, misunderstandings with vendors, or fender benders. Consider the following scenarios:

"An American travels to Taiwan to open a new branch office for her U.S.-based advertising agency."

Situation: She loans her leased vehicle to another American employee, who is not covered by the rental car policy and strikes a pedestrian while driving. The pedestrian sues the advertising agency for medical costs, continuing nursing care, emotional suffering and lost wages, with potential liabilities exceeding \$200,000.

Solution: Because the vehicle was used for the firm's business, the agency's international insurance carrier responds to the lawsuit.

"A junior executive with an U.S.-based management firm loses his briefcase, money, credit cards and identification to a mugger while traveling in Italy."

Situation: He does not speak Italian and has never before traveled to Europe. Struggling to make his plight known, the employee remembers that help – in the form of an English/Italian-speaking professional skilled at helping business travelers cope with mishaps overseas – is just a phone call away.

Solution: His firm purchased an add-on insurance product that provides emergency medical, personal, travel and security assistance services to travelling employees. Employees have 24-hour access to English-speaking representatives who understand the country's language, culture and legal system. With the help of this service, the young man reports the theft and quickly replaces his ID and credit cards.

"After a 12-hour flight to South Africa, an engineer with an U.S.-based firm draws a bath at a rented corporate apartment and lies down to rest while the tub fills."

Situation: He falls asleep and the tub overflows, causing major damage to the apartment and floors below. The apartment owner sues the U.S. firm for more than \$100,000 in damages.

Solution: Though his firm's domestic general liability policy only covers losses due to fire, the engineer is relieved to discover that the damage is covered by an international insurance policy.



“An American architect travels to Bangkok to present plans for a new government building.”

Situation: The blueprints, along with his laptop and cell phone, are stolen at the airport.

Solution: A quick call to the architect’s home office verifies that his firm’s international insurance covers the loss of valuable papers and documents, as well as the stolen computer and telephone.

“A U.S. based lawyer suffers a life-threatening injury while conducting business in China.”

Situation: To receive appropriate treatment, she is medically evacuated to Hong Kong. Total repatriations cost exceeds \$80,000. Without appropriate insurance coverages in place, medical emergencies involving employees far from home can result in significant financial strain for the companies involved. The level of medical care afforded injured employees can suffer as well.

Solution: In this case, because the law firm regularly reviews their domestic and international insurance needs, coverages are in place to handle the repatriation costs

“A telecommunications manager travels to Russia to supervise installation of high-speed cable equipment.”

Situation: He hires a subcontractor with low insurance limits, and a subsequent loss occurs. The cable company sues the U.S.-based telecommunications company for its role in hiring a sub par contractor.

Solution: Because the telecommunications company selected a carrier with true international scope and reach, the loss is covered.

These are just a few of the incidents that can, and do, occur when employees of U.S.-based companies travel on business. Most such travel goes smoothly, but when it doesn’t, it’s too late to lessen exposures if gaps in coverage exist.

Specialized Insurance for High Risk Situations

The risks associated with international business travel are not the same everywhere in the world. Some countries and regions are considered more high risk than others. Traveling might be dangerous for any number of reasons. The more an employee knows about the potential risks and how to protect themselves before leaving the U.S., the better. **Some carriers offer insurance products that provide pre-trip security briefings and up-to-the-minute reports on political and cultural trouble spots.** This kind of information can do much to help employees stay safe and reduce their risk of personal harm while traveling overseas.

Did you know that more than 1,000 executives are kidnapped every year? American executives, key employees, and their families are targets for kidnap and extortion in several parts of the world, including Central America. Though kidnapping and extortion are more common in some places than others, anyone employed by a U.S.-based company can be a target. **Prudent companies insure against the potential loss of human life and financial resources by purchasing kidnap and extortion insurance.** They know that protecting their employees protects their financial strength.

Recent events in Iraq have thrown a spotlight on the risks professional service providers can face in politically unstable countries, and the need for specialized insurance products to protect against such exposures. Defense Base Act (DBA) insurance is one example. **DBA is designed to protect employees who work as civilians outside the U.S. on military- and non-military projects.** When U.S. employers contract with the federal government to complete projects on foreign soil, the Defense Base Act states that they must provide specific workers comp insurance.

Navigating the thicket of international insurance needs and requirements can be confusing. The following questions can help evaluate the risk of overseas exposures to U.S. companies. Does the company or organization:

- Have employees who travel outside the U.S.?
- Have employees temporarily or permanently stationed in other countries?
- Participate in international exhibitions or trade fairs?
- Export products outside the U.S.?
- Have foreign licensees selling their products?
- Perform service or repair work abroad?
- Work on any military bases overseas?
- Sponsor trips, tours or study groups abroad?
- Have international operations or sales offices?
- Advertise or sell products on the Internet?

Ask Your Carrier Questions

If the answer is “yes” to any of the above, a thorough review of existing insurance coverages is in order. These questions can help you determine which carrier provides the best fit for your international business insurance needs.

- **“Does the insurance company practice due diligence?”** Look for a carrier that can extend coverages overseas by bringing it up to U.S. standards in every jurisdiction in which your company conducts business.
- **“Does the insurance company provide local expertise?”** Reduce risk by working with professionals who can demonstrate familiarity with local languages, pertinent regulations and customs.
- **“Does the insurance company have a group of business professionals who focus exclusively on the insurance needs of international business?”** Select a carrier with specialized products that address the needs of U.S. companies whose employees travel or work outside the country.

The need for international insurance is too often ignored until a potentially costly claim has been filed. When the workplace is the world, the need for comprehensive, specialized insurance products designed to reduce the risks associated with conducting international business is paramount.

ACE USA is a U.S.-based operating division of the ACE Group of Companies, headed by ACE Limited (NYSE:ACE). ACE USA is a leading provider of property, casualty, and accident and health insurance, financial products, and risk management services through certain U.S. operating subsidiaries. The ACE Group of Companies provides insurance and reinsurance for a diverse group of clients around the world.