

When crossing borders

International coverages don't have to be foreign.

It may come as a surprise but just because a company doesn't have foreign operations doesn't mean that insurance against international exposures is unnecessary.

"As companies become more and more global," says Lisa Lancaster, an account executive at DLD Insurance Brokers Inc., "there are numerous exposures that they may have abroad."

Lancaster suggests creating a flow chart of your product or operations that defines all the ways that you may be interacting or traveling to other countries to conduct your business.

Smart Business talked to Lancaster about what specific international insurance coverages may be in order.

What kinds of corporate coverage are frequently overlooked?

Your insurance broker should work with you to determine how your business operates and where you might have international exposures. You are exposed if executives or other employees travel abroad, if any vendors may have or provide a portion of your product, and if you sell product outside of the United States.

If employees travel to other countries, what are possible coverages to consider?

International automobile coverage, foreign voluntary workers' compensation coverage, foreign property coverage, kidnap-and-ransom coverage and foreign general liability coverage are some products you may want to consider.

International automobile coverage provides automobile liability insurance to areas outside of the United States. However, it is intended to be excess over any compulsory insurance in the coverage of the area you are traveling to.

With a domestic workers' compensation policy, why can't employees just report injuries when they return to the U.S.?

Several key benefits are provided by a foreign voluntary workers' compensation



Lisa Lancaster
Account executive
DLD Insurance Brokers Inc.

policy that are not present on your domestic workers' compensation policy.

No one plans on getting so injured that they may not be able to return on their own to the United States — but it can happen. In the event that an employee must be transported back here, foreign voluntary workers' compensation provides a repatriation limit that will pay for the expenses. You should negotiate the highest benefit available; \$500,000 is not uncommon.

Most carriers generally offer the services of a 24-hour provider that can assist the traveler with such things as locating a local English-speaking clinic or doctor, and finding a provider that can arrange transport back to the United States. Also 24-hour coverage may be available with additional accidental death and dismemberment benefits.

Why consider separate coverage if a foreign-based vendor has coverage that protects your company's property?

Because of the cost to do business domestically, many companies are subcontracting some or all of the manufacturing processes abroad. The problem with relying on your subcontractors' insurance is that your provider may also be providing coverage to several other customers and

the limit on your certificate of insurance is likely not dedicated to only your product while there. In addition, you probably aren't familiar with the terms and conditions of coverage in that country.

Numerous products on the market will not only address coverage for your product while at your foreign subcontractor's location, but also while in transit to and from the location.

Is kidnap-and-ransom coverage really necessary?

Doing business in other countries heightens the need for coverages that may not seem necessary here. Dangerous situations abound in some other countries, where U.S. businesspeople also may be targets for kidnap. Coverage can be broadened to include family members since they account for about 27 percent of kidnappings that occur in other countries.

Coverage provides for expenses that are associated with resolving a kidnapping, extortion or other event where a ransom demand is made.

Is limited worldwide coverage on general liability policies sufficient?

Generally the term 'limited worldwide coverage' means that you will have coverage for your products sold most places in the world (check any territory exclusions), but the suits have to be brought in the U.S.

Can excess or umbrella policies sit above any of the foreign liability coverages?

With respect to liability coverages discussed, they generally can be scheduled on your excess or umbrella policy. Make sure that those policies honor the expanded territorial boundaries provided by primary coverages. You will need to make sure that the limits purchased are adequate for scheduling and that your broker schedules them properly on the underlying policy listing.

LISA LANCASTER is an account executive at DLD Insurance Brokers Inc. Reach her at llancaster@dldins.com or (949) 553-5670.

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