Today, almost every technology and life science company has international insurance exposures, whether they’re aware of them or not. Seem like a bold assertion?

Your company has international exposure if you have:

- Employees who travel internationally
- Employees who are temporarily or permanently stationed in foreign countries
- Participation in international exhibitions, tradeshows or conferences
- Products or services sold outside the U.S.
- Foreign licensees selling products on your behalf
- Service or repair work performed abroad
- International operations or sales offices
- Internet sales or advertising

It’s hard to imagine any company these days that would not have some, or all, of these exposures.

And, if these exposures don’t exist now, they may in the future, as your company continues to grow.

If you have any international exposure, you need international insurance.

“I’m Covered Right?
I have general liability insurance!”

For a better look at your international risks, consider the following possible scenarios.

1. One of your employees has been sent to France to trouble shoot some problems associated with a large systems integration project. While working on her laptop at the client’s facility, your employee stretches an extension cord across an aisle to reach her workstation. One of your client’s employees trips over the extension cord, injuring his knee. The injured worker brings suit in France against your company.

2. You design and manufacture specialized handheld computers used by doctors and other medical professionals in the U.S. and abroad. One day, you receive notification of a suit being brought against your company in a German court. According to the suit papers, a doctor in Frankfurt alleges that while recharging his device, it overheated, causing extensive fire and smoke damage to his office.

3. After an overnight flight to London, one of your employees draws a bath at a rented corporate apartment. The employee falls asleep and the tub overflows, causing damage not only to the apartment but also to three of the floors below.

4. You hire a contractor in Russia to repair switching equipment you sold to a local telecommunication firm. While performing this work, the subcontractor knocks over a very expensive server. You are sued in Russia for the damage to the server when a lapse in coverage is discovered for the subcontractor you hired.

Minimize Your International Risk

TIPS FOR SELECTING AN INTERNATIONAL INSURANCE CARRIER:

- Carrier should be an established, financially secure “A rated” carrier
- If admitted coverage is needed, choose a carrier that has an owned network of international companies rather than a carrier that works with independent affiliates.
  - An owned network with full service offices (claims, loss control, policy administration) in local jurisdictions allows the carrier to respond to issues such as producing a certificate of insurance on short notice in a foreign country.
- Knowledgeable and experienced staff
- A commitment to the international market
- Ease of doing business
What do all these scenarios have in common? None of them would be covered by a typical domestic general liability insurance policy. Here's why:

Domestic general liability policies generally provide only limited worldwide protection. For example, coverage may be provided for products sold anywhere in the world, but only if the suit is brought in the United States. This limitation applies not only to your products but also to any operations or activities, including personal or advertising injury offenses such as libel, slander, defamation or product disparagement, if the suit is brought outside the domestic coverage territory.

How does the typical general liability policy define the domestic coverage territory? Normally, the domestic territory includes:

1. U.S. (its territories and possessions), Puerto Rico and Canada
2. International waters or airspace, but only if the injury or damage occurs while traveling between the U.S., Puerto Rico or Canada
3. All other parts of the world, but only if responsibility for damages is determined in the U.S., Puerto Rico or Canada

Other International Risks
In addition to general liability exposures, your company may face many other insurable international risks including:

- Automobile liability for owned, non-owned or hired vehicles used overseas for business
- Employer’s responsibility or foreign voluntary compensation for employees who become ill or are injured while working abroad
- Travel assistance services for employees traveling overseas that experience the unexpected
- Property at an owned or leased location or third party site
- Kidnap and extortion of employees traveling anywhere in the world
- Accidental death and dismemberment/medical coverage to help employees who may be hurt or killed as a result of an accidental occurrence

What Could Happen?
Consider these examples of potential losses that could have serious consequences for your employees and your company’s bottom line:

Auto – An American manager of the German branch of a U.S.-based business lends a hired car to another employee, also an American. The driver causes an accident with a car carrying a German family, resulting in serious injuries to everyone in the car and a lawsuit against your U.S. company. This event is not covered by the rental company’s policy.

Foreign Voluntary Compensation – A U.S. firm hires a Central American national to manage its South American sales efforts. During a prospecting call in Chile, the manager injures his back falling down a flight of stairs. The State Social Security system of the manager’s home country does not cover work-related injuries sustained outside its national borders.

Property You Own Overseas – Whether it’s in Paris or Peking, your company’s property is essential for the normal functioning of your business. When a fire strikes, the damage to the physical property and to your company’s ability to continue operations can be substantial. Adequate insurance is a must and, in several jurisdictions, local regulations require “admitted coverage.”

Kidnap and Extortion – As worldwide commerce grows, so does the risk of kidnapping for corporate executives, key employees, wealthy citizens and their families. Exposures go beyond an employee being kidnapped and held for ransom. Extortion incidents are also on the rise and can involve property, proprietary information, or product adulteration. For example: a hacker from Eastern Europe threatens to expose the personal information of your foreign customers unless they receive $1 million.

DEFENSE BASE ACT COVERAGE
The U.S. Government requires that employees hired by contractors and subcontractors to work on international government contracts be protected by Defense Base Act (DBA) coverage. DBA insurance coverage provides workers’ compensation benefits in the event of a work-related injury or illness. Failure to obtain DBA coverage can result in fines and possible loss of the contract. In addition, employers without DBA coverage are subject to suits where there is no burden to prove negligence.
Medical Evacuation – A U.S. marketing manager on a trip to China requires a delicate operation to address life-threatening injuries. Evacuation to a Tokyo hospital is medically necessary for the employee to receive proper treatment.

Medical Coverage – An employee of a U.S.-based IT firm travels to Bombay to conduct an audit in the Indian branch office. The employee suffers chest pains, is treated at a local hospital, and pays the bill with a personal credit card. Back in the U.S., the employee’s Health Maintenance Organization refuses reimbursement for extra-territorial medical treatment.

Travel Assistance Services
For many businesses whose employees travel overseas, these services can be worth the cost of an international policy. Services typically include:

- Emergency medical evacuation when adequate medical facilities are not available locally
- Repatriation to the employee’s country of residence or citizenship, when medically necessary
- Hospital admission deposit
- Pre-trip medical referral information to multi-lingual doctors and/or addresses and phone numbers for hospitals
- Embassy and consular information
- Lost document assistance – for replacing important documents such as passports and credit cards
- Emergency cash advance
- Access to local attorneys
- Emergency translation/interpreter services and referrals
- Benefits verification & claims assistance – to coordinate with overseas claims procedures

Make international insurance part of your risk management strategy. Contact your local Hartford agent for information about international coverage available through The Hartford.

Admitted versus Non-Admitted Coverage
International coverage can be written on either an admitted or non-admitted basis, depending on the applicable law.

Admitted insurance is a contract written by an insurance company licensed or registered to do business in the country where the property or risk is located. Generally, admitted coverage is written in those countries where local law requires coverage to be purchased from a licensed local insurer or where the risk is of a sizable nature. There are various countries that require the purchase of admitted coverage. These are usually statutory coverages such as automobile, country-mandated workers’ compensation, and Employer’s Liability. In some cases admitted coverage may be purchased for tax reasons.

Non-admitted insurance is a contract written by an insurance company not licensed or registered to do business where the property or risk is located. Depending on the country and the coverages, the writing of business on a non-admitted basis may be legal. In many jurisdictions, non-admitted coverage is prohibited.
For More Information
For more information on how to manage risks for your business, contact your local Hartford agent, or visit www.thehartford.com.

Best Practices for Your Business

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For more than 25 years, The Hartford has insured technology and life science businesses of all sizes. Our products are flexible enough to grow with a business – from a startup or sole proprietorship to a large, publicly traded company. We also offer services that can help businesses lower their losses, like our series of Technology Best Practices.

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