



# SAHOURI

## I N S U R A N C E

## Travel Insurance for Businesses

Travel insurance offers a broad range of benefits and services, such as worldwide emergency hotline services, medical evacuation, reimbursement for unexpected cancellation or delay, and more. Companies with employees who travel for business may want to consider supplemental coverage from a travel insurance policy.

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### Why Buy?

Travel insurance is designed for problems that arise suddenly during a trip. Basic coverage usually includes reimbursement for trip cancellation, interruption and delay because of illness, bad weather, baggage loss or delay, medical insurance and medical evacuation (in case of illness or injury during travel), and a 24-hour assistance telephone line. Typical coverage costs 4% to 8% of the cost of the trip, depending on the trip's length, the destination, the traveler's age and the type of coverage. For example, insurance for a \$2,000 trip may cost \$80 to \$160. If you consider the expense for any troubles your employees may encounter, travel insurance can be a cost-effective option to avoid that risk.

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### Insurance for International Business Travelers

Think about the following scenarios when traveling for business:

- You receive notice that a top executive in your company was in a car accident while on a business trip in Milan.
- You get a telephone call that an employee stationed for the month in Sydney experienced symptoms of a stroke.
- There was an earthquake in Chile, which prevented an employee from returning on time from a business trip.
- Several of your employees traveling together in Beijing came down with pneumonia.

These situations should prompt you to examine whether you would know what steps to take next. Do you know what guidance to give these employees? Could you direct them to any specific medical facilities? How familiar are you with the medical system of that country? How much would it cost to arrange alternate travel plans in the event of a delay or setback?

Purchasing an international travel insurance policy may be the only way you can cover all your bases. Employers can purchase insurance specific to employees they send overseas for business purposes—even if the trip is short term. Obtaining medical treatment and hospital care abroad can be expensive. Generally, American medical insurance is not accepted overseas, nor do the Social Security, Medicare and Medicaid programs provide coverage for hospital or medical costs outside the United States.

Instead employers can purchase supplemental medical coverage for their employees that their current health plan does not supply. For instance, medical travel insurance will pay for medical evacuation by helicopter if traveling in a place with inadequate facilities. This can otherwise cost up to \$50,000. Employers with workers who travel internationally for business purposes should find out exactly what their health plans cover, in the event the employee needs medical treatment overseas.

Another form of travel insurance that an employer of overseas workers will want to consider purchasing is K&R insurance (Kidnap, Ransom and Extortion Insurance). In certain parts of the world, kidnapping and extortion of wealthy American executives has become a business. A basic K&R policy includes such things as hostage negotiations, ransom payment, loss of income, interest on bank loans and medical/psychiatric care. In most cases, the deductible requires the insured to pay about 10 percent of any loss. Policies carry about \$20 million to \$30 million limits, which is generally more than enough to pay a typical ransom. This insurance is particularly beneficial for those employees who travel to high-risk countries, which include Brazil, Colombia, Ecuador, India, Mexico, Nigeria, the Philippines and Venezuela.

Most insurance companies offer comprehensive policies for international employers in which K&R is only part of the package. These policies can also cover areas such as foreign business auto rental, foreign commercial general liability, foreign voluntary workers' compensation, foreign travel accident/sickness, marine ocean cargo, foreign commercial crime and political risk.

Additionally, the U.S. Government requires that employees hired by contractors and subcontractors to work on international government contracts be protected by Defense Base Act Coverage (DBA), regardless of their assignment or location. This coverage provides workers' compensation benefits in the event of a work-related injury or illness. There are five employment situations which require this coverage:

1. Any employee working on a military base or reservation outside the United States
  2. Any employee engaged in U.S. government-funded public works business outside the United States
  3. Any employee engaged in public works or military contract with a foreign government which has been deemed necessary to U.S. National Security
  4. Those employees who provide services funded by the U.S. government outside the realm of regular military issue or channels
  5. Any employees of sub-contractors of the prime or letting contractor involved in a contract like numbers 1-4 above
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## **Purchase Considerations**

Before buying travel insurance, consider the following:

- Always comparison shop. Some plans include extras such as psychiatric treatment, a natural disaster benefit and even disposition of remains in the event of death.
- Do not tell your employees if you purchased K&R insurance. This is to prevent employees from revealing this fact to potential kidnappers, making them a more lucrative target.
- Be aware that some plans require your out-of-pocket payment, and then will pay claims after the traveler returns home.

For more information on travel insurance, including medical and K&R, go to the U.S. Department of State – Bureau of Consular Affairs Travel website at <http://travel.state.gov/>.

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