

Foreign Insurance Coverage

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Business is becoming increasingly global. It is not uncommon for even small businesses to have sales overseas, which may also involve travel abroad for business purposes. But if you do business in a foreign country, will your domestic insurance program protect you? The answer is maybe, but probably not. While an exporter may have incidental foreign exposures, they still need to be addressed. Companies with actual operations in other countries have a much bigger challenge. So just how will your domestic policy respond to foreign exposures, and how can you make sure you have appropriate coverage for the exposures your domestic policy doesn't cover?

Commercial General Liability

The standard form General Liability policy (ISO CG 0001) provides coverage in the defined "Coverage Territory" which is the United States of America, its territories, possessions, and Canada. It also extends Products Liability coverage worldwide if the suit is brought in the "coverage territory." Note that this does not apply to completed operations, just products. The policy also provides coverage for injury or damage anywhere in the world arising out of the activities of a person whose home is in the coverage territory while that person is in another country for a short time. Although "short time" is not defined, courts have generally considered this to mean days and not weeks. Once again, this extension of coverage only applies if the insured is determined to be responsible based on a suit in the "Coverage Territory." Some domestic underwriters will endorse their policies to provide coverage for suits brought outside the coverage territory; however, these are all manuscripted forms and should be closely reviewed.

Automobile Coverage

The standard commercial auto policy only applies in the U.S., its territories, possessions, or Canada. If you are renting a car in a foreign country (ISO CA 0001), you need to buy not only physical damage coverage, but liability coverage as well.

Property/Crime/Employee Dishonesty Coverage

Property coverage (ISO CP 0010) applies in the "coverage territory" only. If you have property located outside the "coverage territory," it is not covered. Most Crime policies also limit coverage to acts committed in the "coverage territory," although typically there is no coverage restriction for forgery, alteration or computer fraud. Employee Dishonesty coverage applies worldwide, but only if the employee is outside the coverage territory temporarily (no more than 90 days).

Workers Compensation Coverage

Workers Compensation needs to be carefully evaluated. Generally speaking employees temporarily traveling in foreign countries are extended "State of hire" benefits if they are injured while traveling. Employers Liability applies the same way. Unfortunately "temporarily" is not defined in the policy. There are also additional exposures such as "endemic disease" and "repatriation" which are not covered under a domestic Workers Compensation policy. For a more detailed discussion of Foreign Workers Compensation exposures refer to our 03/11 Professional Liability Newsletter.

Foreign Coverage Options

Fortunately there are a number of Foreign Coverage options that are available at a fair price. The most common is a "Foreign Package Policy," offered by a

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number of insurance companies. These policies typically include general liability, auto liability, foreign voluntary workers compensation and employers liability. They can also include foreign property, business income, inland marine, cargo, crime and employee theft coverage's.

The general liability covers anywhere in the world except the "coverage territory" in the standard General Liability form. Note that the insurance company may have the option of providing a defense for you or reimbursing you for your defense costs. Policies also typically include "neighbors and tenants liability". This is important, because it is unique to some countries. It is a form of strict liability for property damage to neighboring property caused by fire or other perils and can apply regardless of fault.

The automobile coverage in a foreign package policy is not a substitute for admitted coverage in a foreign country. It will provide excess coverage only. If you have a direct auto exposure (if you are behind the wheel), coverage should be arranged "in country."

The Foreign Voluntary Workers Compensation policy can include repatriation and endemic disease in addition to "State of Hire" benefits. Repatriation covers the additional cost to bring an injured employee back home or, in the event of a fatality, bringing the remains back. Endemic diseases are diseases picked up in foreign countries. Foreign Voluntary Workers Compensation policies typically provide coverage on a 24/7 basis as well.

A Foreign Package policy is appropriate if you have a limited foreign exposure, but companies with actual operations in foreign countries may need to take their program to the next level. Many countries require that some or all coverage for a risk located in that country be purchased through insurers that are licensed to do business in that country. This requires arranging coverage through a broker in that country as well. Recognize that most of the coverage offered in other countries may not be nearly as broad as the coverage available in the U.S. For example many foreign admitted property policies are written on a named peril basis and the perils listed may be limited as well. Foreign auto policies are often written on a scheduled driver basis and coverage may not apply to passengers or damage caused by a drunk driver.

To fill this gap you can purchase a domestic (U.S.) Differences in Conditions (DIC) policy. This policy would provide excess coverage over the locally admitted policy and drop down and provide first dollar coverage if the DIC

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policy is broader than the locally admitted policy. The purpose is to provide the same level of coverage in the foreign country that you have domestically.

Conclusion

It is important to realize that all countries are different when it comes to insurance requirements and the risks in each country need to be evaluated. Ultimately the objective is to identify your exposures, figure out ways to manage those exposures and then arrange an insurance program that provides the level of coverage that you need. The assistance of a broker and an insurer that understand foreign risks and can arrange the appropriate relationships in the countries you are doing business is critical to managing risk in a foreign country. ✨

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Articles courtesy of Cavignac & Associates Employee Benefits Department

LIVE WELL, WORK WELL

Save on Seasonal Style

In need of a wardrobe refresh but don't want to pay full price? Check out the following tips to discover how to dress for the summer season without breaking the bank.

- Buy your summer clothes nine months early. By shopping the sale racks at the end of summer you'll be able to save significant amounts on a new summer wardrobe. Store the clothes with the tags intact and be sure to save the receipt, that way if you go up or down a size you can get back what you paid for them.
- Summer is garage sale season and the perfect time to find a few gently-used items. Remember to negotiate with the owner; they may be willing to offer a reduced price if you are purchasing more than one item.
- Going to a consignment shop or second-hand store may be well worth the trip. The prices are almost always rock-bottom and are better organized than garage sales.
- Check out the lots of summer clothing on www.ebay.com. Often times you can find large quantities of seasonal clothing in a single size for a small price.
- If you have growing children in your family, organize a clothing swap with your friends, family or in your neighborhood. Everyone can trade out their kids' outgrown clothes for larger sizes. You get rid of unneeded clothing and get a brand new wardrobe for your child—for free! ✨

Outdoor Exercise: Getting the Right Gear

Transitioning from running indoors to outside? Prepare yourself for the outdoor elements by investing in the following three key pieces of equipment:

New shoes – If your running shoes are worn out from a winter of running on the treadmill, look into ditching

the old ones in favor of a new, water-resistant pair. After you spend some time running on the hard asphalt and through puddles, your feet will thank you.

A running pack – If you plan on running long distances, make sure you get a light-weight running backpack or fanny pack. These packs can store a water bottle for a run in the sun, or rain gear in case the weather turns.

Rain gear – If you don't have any already, consider picking up packable, water-resistant pants and jacket. That way you won't have to call off your run on account of rain. ✨

Buying Organic: The Dirty Dozen

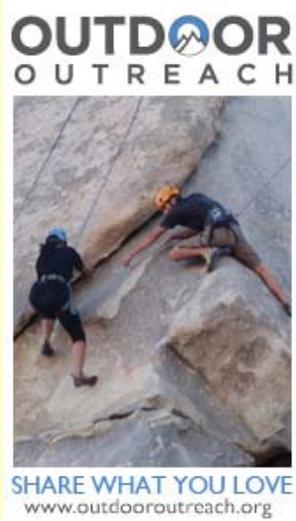
Want to go organic but not sure if it's worth the extra cost? For some types of produce, it almost certainly is. According to data from the U. S. Department of Agriculture (USDA), some types of produce are more susceptible to pesticides than others. The USDA found that some fruits and veggies without a tough, protective skin often contained residue from pesticides.

The "Dirty Dozen" are the 12 types of produce most likely to contain pesticides. To avoid chemicals, consider going organic when purchasing these fruits and vegetables:

- | | |
|-----------------|-------------------------|
| 1. Apples | 7. Grapes |
| 2. Celery | 8. Sweet Bell Peppers |
| 3. Strawberries | 9. Potatoes |
| 4. Peaches | 10. Blueberries |
| 5. Spinach | 11. Lettuce |
| 6. Nectarines | 12. Kale/Collard Greens |

DID YOU KNOW

While most non-organic produce contain some amount of pesticide residue, a few types are fairly resistant. Onions, sweet corn, pineapples, avocados, asparagus and sweet peas have been found to have very small amounts of residue. ✨



Women Give San Diego

