



FORECAST

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Property & Casualty Insurance/Risk Management Practice

FOREIGN LIABILITY COVERAGE: WHO NEEDS IT?

If you sell products in foreign countries, if your employees travel/work overseas, or if you have locations outside the U.S., you need foreign liability insurance. Standard U.S business insurance policies do not cover many of the claims or losses that occur outside of the U.S and those that provide do “worldwide” coverage typically only cover suits brought in the U.S - not in a foreign domicile.

Another important fact is that, many foreign countries require that certain coverage and policies be purchased from “locally” admitted carriers - especially for such coverage as auto liability and employer’s liability and worker’s compensation.

A Foreign Package Policy contains a number of important coverage grants such as Foreign General Liability, Foreign Contingent Business Auto, Foreign Voluntary Workers Compensation, Foreign Property, Kidnap & Extortion, Accidental Death & Dismemberment, and Emergency Travel Services.

Policies from carriers like AIG, ACE, Zurich, and Chubb also include global services such as assistance with language barriers, volatile political climates, and endemic diseases. Security assistance is also available including emergency political repatriation and relocation, loss document assistance, emergency message

transmission, emergency cash advances, legal access, translations and interpreters.

If you are a manufacturer or distributor that sells products outside of the U.S., you can be sued in foreign jurisdictions. However, a domestic General Liability policy only covers lawsuits for claims that are filed in the U.S. and, as such, it do not provide any coverage.

If that does happen, your assets may be confiscated to satisfy the judgment and/or you may be prevented from doing business in that country.

If your employees are temporarily working outside of the U.S. and are injured, they may need coverage for emergency evacuation, repatriation of remains in the event of death, or coverage for endemic diseases. They may also need special emergency travel services to overcome political or language barriers in the event of medical or legal problems. Without this coverage your employees will not be adequately covered, and you may have to pay all of the expenses incurred.

Employees who are permanently located in another country will need Foreign Workers’ Compensation coverage while employees who use vehicles outside of the U.S. will need Foreign Auto Liability purchased within that domicile from a local insurer. You may not have adequate coverage for occupational injuries under your domestic Workers Compensation policy for occupational injury claims even if you have the Foreign Voluntary endorsement. *(Continued on Page 2)*



ABOUT MARSH & McLENNAN AGENCY

Marsh & McLennan Agency LLC was established in 2008 to meet the needs of midsize businesses in the U.S. MMA offers employee benefits, human resources services, wellness services, executive benefits, small business solutions, property & casualty, personal insurance and retirement services.

The strength of our solutions lies in the quality of our team. Our 360° approach means we look at your company holistically, and create a custom plan that aligns with your business strategies and core values and culture. We believe collaboration is the key to success and enjoy working with our clients to build personal and professional security.



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The typical coverage grants in a Foreign Liability Package include:

- **Foreign Commercial General Liability:** Similar to domestic liability coverage; however, suits brought outside the U.S are covered.
- **Foreign Business Auto:** Coverage for liability and physical damage for vehicles hired or rented overseas and is typically “excess” over the local minimum limits required from the rental company in the foreign country.
- **Foreign Workers Compensation/ Employers Liability:** Coverage for employees working overseas and includes repatriation expenses, worldwide employer liability protection, and 24-hour endemic disease protection.
- **Foreign Travel Assist:** Emergency travel assistance services.
- **Accident, Sickness, Health:** 24-hour coverage for employee and family members when traveling abroad.
- **Kidnap, Ransom & Extortion:** Coverage for the expenses incurred when an employee is kidnapped or held for ransom.
- **Property Insurance:** Coverage at designated or undesignated International locations or in transit outside the U.S.
- **Tenants and Neighbors:** Protection against damages to tenants and neighbors in office space rented or occupied by your company.

In summary, if you do any of the following and do not have a Foreign Liability package policy and/or locally admitted coverage, your company may be at significant risk:

- Have offices in a foreign country?
- Export products outside the U.S.?
- Have foreign licensees selling your products?
- Perform service or repair work abroad?
- Work on military bases overseas?
- Sponsor trips or tours abroad?

- Have employees who are temporarily or permanently located in other countries?
- Participate in international exhibitions or trade fairs?

Foreign Liability packages are easy to secure and the premium can be as low as \$2,500. A comprehensive package purchased from a carrier with “feet on the ground” in the foreign domiciles in which you have operations can provide your firm with extremely important and lifesaving coverage.

“CYBER” CLAIMS: WHAT HAPPENS IF YOU HAVE ONE?

A cyber liability or data privacy loss can include damage to your system and/or a lawsuit from a third party. First party losses include damage, loss or corruption of data and software as a result of viruses, hacking, power surges or programming errors. Cyber insurance can provide coverage for the costs to research, reconstruct or recreate the lost or damaged data. Loss of income from the damage is also available - as well as the expenses for temporary manual “work-arounds” or setting-up hot-sites.

Cyber liability losses can also result from “injury” arising out of information made available to the public on your website or distributed through your emails. Claims arising out of the misuse of website content include libel, defamation, and trademark or copyright infringement. Unauthorized access of confidential information such as personal health records, client financial data, and credit card information also pose a very significant risk. In fact, any company connected to the Internet has the potential for a claim arising out of intentional or unintentional network harm from a third party virus transmission or other misuse of their network.

Most Cyber policies today provide a “menu” of risk-specific coverage as well as common terms and conditions. In fact, the newer policies offer loss control and risk mitigation services that include notification and protection for your customers that have suffered a data breach.

Some offer unlimited coverage with respect to those notification costs and those costs do not draw down the third party liability limits. The cost of such policies has also been slowly declining as insurers get a better handle on their potential claims. Clearly cyber liability and data privacy exposures are here to stay for all of us and obtaining protection against them is a must.

“Empowering your company to succeed.”

If you would like more information regarding Foreign Liability or Cyber/Data Privacy insurance or any other insurance and risk management needs please contact us today:



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