

Special & High Risk Insurance

Many organisations are operating in high-risk regions around the world where there are heightened risks for terrorism, civil strife and war. Regular travel, life and medical insurance will not be sufficient for severely dangerous conditions such as these. Most insurance plans will not cover you in conflict zones such as Afghanistan or Iraq. This can include areas where there is civil strife or a high risk of terrorism, especially if there are travel warnings. Special risk insurance is crucial and International HR professionals should make sure that the company fully comprehends the coverage and limitations of an expatriate or travel medical plan.

You can opt for insurance that covers disability, death or dismemberment as well as complete medical and conflict injuries. Special risk insurance is more costly because it offers more protection and the potential hazards can be extreme. A raise in price rates could mean avoiding a declined claim if the worst happens. More importantly, it may even save lives in a dire scenario as the insurer may have special services in place for employees in high risk zones.

One such scenario actually played out when a security client of ours was simply visiting a grocery store in Kabul a few years ago. A Taliban infiltrated the store and opened fire on the people in the store, tossed a grenade and then blew himself up. We received a call from the employer late at night stating what had happened. We immediately advised them and their employee who was seeking medical treatment to contact the assistance provider that was supplied by Lloyds of London. We also provided additional support to make sure the claim was handled and assistance was provided. The claim was paid, the employee recovered and client was relieved.

This was a classic case where passive war or terrorism risk coverage was required. Special risk plans for employers who send employees to high risk zones such as Afghanistan will require a plan which covers passive war and terrorism. The word passive with respect to insurance basically means the person was not an active participant in the event and was an innocent bystander.

If your employee is going to a high risk zone, then it is important to obtain a quote from a reputable broker with extensive experience in covering people for war and terrorism risks. It is also important to obtain the necessary information for the underwriters to rate the risks and assign a premium. An underwriter will typically need the employee(s) dates of birth, gender, occupation, duties, annual income, citizenship, number of days spent in each country, location, any aviation or transportation information, where employees will reside when not at work and security arrangements when in country. It is critical that you obtain this information before obtaining quotes. Note that besides war and terrorism, other risks will most likely be covered – such as civil strife and riots. Chemical or biological attacks will not be covered.

Once the risk profile is created, the broker will then send the information to several insurers which have the capabilities and coverage available to underwrite the risk and include war and terrorism coverage in the plan. There are some group expatriate benefit plans which do not exclude war or terrorism claims in their plans, but most simply exclude. A typical quote will generally be submitted to a Lloyds of London underwriting firm. The Lloyds insurance market operates with several insurance syndicates and the underwriter typically takes the risk to these underwriters and then returns to the broker with the best possible quote.

Note that premiums can change based on the market and global risk environment. Once a premium and policy period is locked in, that premium will be guaranteed for the entire time period. (A group plan underwriting several employees is generally going to provide better premiums than an individual plan and any medical underwriting may be waived because the risk is spread across several persons). It is a good idea to check the countries your employees will be travelling to or posted in before sending them abroad and securing insurance to see if war and terrorism coverage is necessary. It is also important to consult with a security company which can evaluate the risk

there as well. At the end of the day, one hopes you never have to use the war risk coverage that is obtained, but necessary to consider putting in place.



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