

# International Insurance Closes the Gap for Expatriates

by *Andres Franzetti*

Working abroad can be a transformational experience that can enrich an individual's life for years to come. However, moving to a foreign country for an extended stay requires more than a pocket translator and packing supplies. Health and safety are of critical importance, and living in another country often increases risk. Insurance is a safety net and in the current global economy, nobody can afford unnecessary losses due to unanticipated events.

An estimated 5.26 million Americans alone are currently living abroad and seeking companies to help meet their insurance needs. Even if individuals already have insurance, gaps in coverage can exist anytime they travel outside of their home country, whether it's a short-term trip or work relocation. Not all insurance policies cover losses that occur outside their home country's borders, so it's important that they obtain coverage for their new destination to help protect them against everything from everyday accidents to larger disasters. Here are a few ways to help clients "mind the gap" when they relocate to a new country.

## **Automobile**

If they aren't opting for public transportation, automobile coverage is essential. Automobile policies cover a variety of risks, such as comprehensive and collision, primary liability and excess liability. Comprehensive and collision protects your client's vehicle should a theft or accident occur while it is parked or being driven. Primary liability is generally compulsory, and provides coverage in the event they have to pay damages to another party due to bodily injury or property damage. Additionally, it is important to have excess liability, which cover damages above and beyond primary liability limits should serious injury result from an accident.

Laws and insurance levels vary throughout the world. While some locations require a minimum amount of coverage to be purchased, other countries have no regulations. Most developed countries have regulatory authorities which mandate



how insurance providers conduct business and develop specific guidelines for the insurance industry. They also provide assurance that claims will be paid for covered losses. However, some countries lack consistent laws and often these laws are not enforced. Insurance providers offering international products are able to assess these regulations and recommend proper coverage for the client's vehicle.

## **Personal Property**

If your clients haven't moved yet and are still in the packing process, they've probably realized how much they actually own. This is a great opportunity to advise that they start thinking about obtaining proper coverage for the move, as well as their stay, at their new destination.

Transit insurance is an important part of any international move. Property has a greater risk of becoming lost or broken while it's transported from one location to another. It is advisable to find a personal property policy that includes transit insurance, to avoid any gaps in coverage. Often, individuals will

purchase transit insurance from a moving company and wait until the items have reached their new home to purchase a separate personal property policy. This may seem like a safe way to protect household items, but if a claim occurs during the moving process, it is difficult to prove when the loss occurred – during shipping, while in storage, in customs, or while the boxes were in transit to the residence.

Most personal property policies offer the option of listing scheduled and unscheduled items. Most items will be considered unscheduled, such as clothing or household items. High-value items, such as jewelry and artwork, are considered scheduled items. Scheduling coverage helps ensure that clients receive the full, appraised amount for the item in the event of a loss. In addition, this list should be updated annually as item appraisals can change over time.

Finally, it's important to be mindful of the coverage effective date. If your clients are cancelling their current homeowner or property coverage, the effective date of the new international policy should be the same as the cancellation date to help prevent a gap in coverage.

### **Health**

Aside from auto, liability and personal property coverage, clients need to insure their most valuable asset: their health. Typical health coverage doesn't extend beyond the borders of their home country, so when they travel or relocate to a new country, they'll need a new plan to cover this gap. The following are a few things to consider when helping them conduct a search.

Many international insurance policies include emergency evacuation. Occasionally, job assignments take expatriates to areas where advanced medical practices aren't prevalent. An emergency situation is the wrong time to discover that their health plan will only pay for local medical assistance. If a policy includes emergency evacuation, they could be transported to a suitable medical facility or even to their home country in a life-threatening situation for necessary medical care. Some policies even include a clause that allows family to be transported to the hospitalization site.

Another item to think about when choosing a medical plan is your clients' current health status. If they're being treated for a medical condition before they begin a new insurance plan, make certain there aren't exclusions for pre-existing conditions. When a plan does not cover pre-existing conditions, it means they'll be paying out-of-pocket for continued treatment of your medical condition in the future.

Finally, find out how the insurance plan pays claims. Many health plans will only reimburse the insured for the expenses paid when medical services are rendered, meaning they will pay out-of-pocket, and then must submit a claim form for reimbursement. An emergency which requires surgery or long-term hospitalization may result in a large financial burden, so it's important to discuss how claims are handled with the insurance provider before purchasing the policy.

### **High Risk**

If your clients are traveling to an area with political or civil unrest, they'll encounter unique risks. For their safety, a range of insurance services have been created to protect them should an unfortunate event occur.

Kidnap and Ransom coverage is an insurance policy that can save lives. With Kidnap and Ransom, a team of professional hostage negotiators are commissioned to work with the captors to secure a safe return for the detainee. Some recent hot spots have included countries in certain regions of South America and Africa.

Another important type of coverage to consider is War and Terrorism. You may not be aware that many medical and life insurance policies exclude claims resulting from acts of war and terrorism, but often offer an extension for people who are interested in the optional coverage. This may be relevant if your clients relocate to countries, such as Iraq or Afghanistan, where there is significant risk due to civil and political unrest.

Moving abroad is an exciting endeavor, but also brings distinctive challenges. Relocating to a new country involves many unfamiliar risks and it's easy to assume that insurance will follow individuals wherever they go. While local agencies can provide some assistance, language barriers and cultural differences often make understanding the complexities of an insurance policy overwhelming for a newly arrived expatriate. In addition, many foreigners, particularly Americans, feel more comfortable obtaining insurance from American companies while retaining the convenience of local, "on the ground" presence.

If you help your clients take the necessary steps to "mind the gap" and acquire the right coverage, they'll be protected no matter where in the world their journey takes them. If they prepare for these risks with the proper insurance, their next step is sure to be in the right direction.

### **Contact Clements Today**

+1.202.872.0060  
info@clements.com  
www.clements.com