



Managing the risks of business travel:
what every business needs to know

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Business travel was crippled by the Great Recession. The Association of Corporate Travel Executives reported that more than 70 percent of corporations trimmed their travel budgets by as much as 20 percent in 2009. But with the global economy now recovering, business travel is on the rebound. The National Business Travel Association (NBTA) estimates that business travel will increase by 6.7 percent and 6.9 percent for 2011 and 2012, respectively.¹

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As business people again hit the road, they will be exposed to a wide array of risks. Perhaps the most pressing concern of business travelers is falling ill or being injured far from home. Foreign travelers in particular may be uneasy about unfamiliar medical systems, potentially substandard care, and language barriers. But the need for emergency medical assistance is only one of the many risks facing travelers. Ranging from a lost passport to political insurrection, travel is fraught with peril.

Companies have an obligation to assure that employees are protected when away from home on business. This obligation exists whether travel takes employees to the next state or to remote and dangerous corners of the world. Companies may be conscious of their duties to employees, but many are not aware of the breadth of travel services and insurance programs now available to help them fulfill their obligations. Assistance in the event of injury or illness is paramount, but employee travel services also address the full range of issues affecting the safety and comfort of travelers. These can include foreign legal assistance, travel-related services such as lost ticket replacement, and information services such as visa requirements and travel advisories. Additionally, travel assistance programs can be integrated with insurance programs to guarantee that employees have life, accident and medical insurance protections that are fully compliant with local requirements across the globe.

Business travel today

In the aftermath of the Great Recession, many businesses are focused on obtaining the greatest return on investment from travel while doing away with unnecessary business trips. Companies also are exploring alternatives to travel such as videoconferencing. Nonetheless, travel is essential for many companies, and travel budgets again are growing.

Domestic trips account for most business travel by US companies, representing nearly 90 percent of business travel expenditures. Foreign travel, however, is growing in importance. As US companies outsource various functions to foreign suppliers and

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expand into foreign markets, face-to-face meetings in distant locations become vital. This often requires travel to higher risk destinations. According to a 2008 National Business Travel Association survey, China and India ranked first and second among the countries expected to see the greatest increase in business travel.

Most foreign business travel involves short trips, but increasingly employees are taking on extended assignments far from home. According to Brookfield Global Relocation Services (formerly GMAC Global Relocations), 61 percent of corporations surveyed for its most recent corporate relocation report expect the number of employees working on foreign soil to increase in 2011. For long-term assignments, employees often relocate their families, exposing spouses and children to the perils of travel. Spouses/partners accompanied 80 percent of expatriates cited in the Brookfield survey, and 47 percent of expatriates were accompanied by children.

It's a dangerous world

Accidents and illness can happen anywhere, and may be more likely to happen while traveling. Without help, a sick or injured traveler is on his or her own to navigate an unfamiliar medical system. In some cases, a traveler may be exposed to dangerously inadequate medical care with no resources at hand to locate and arrange transportation to a better facility.

Medical emergencies may top the list of travel concerns, but business travelers are exposed to a wide array of risks, especially while in foreign lands. Political upheaval or a natural catastrophe can strand a traveler in a chaotic and dangerous situation. A run-in with the law can land a traveler in a foreign jail with no ready access to local legal assistance. Even something as simple as a lost passport, in some circumstances, can put a traveler in peril. Language and cultural barriers can add to the risk and confusion.

Foreign travel typically is the most perilous, but domestic travel also poses risks. Injured travelers may not have ready access to trusted medical care and may run into insurance coverage issues. Additionally, travelers injured far from home may not immediately have the support and advocacy of family members. Misplaced documents and lost luggage are major inconveniences whether traveling in the US or abroad.

Managing the risks of travel

Any organization that requires employees to travel needs a comprehensive framework for managing the risks of travel. Not only is this a moral responsibility, it is a legal obligation. According to legal experts, the employment relationship generally includes an obligation of Duty of Care of employers for the health, safety, and security of their employees. The Duty of Care obligation extends to employees and their dependents who are abroad as business travelers or as short- or long-term assignees.

The UK's Corporate Manslaughter Act, which applies to any work-related death in the UK whether or not the employer is registered in the UK, toughens Duty of Care responsibilities for employers. While the Act was intended to address industrial accidents, it extends to all aspects of employee safety, including travel. It now is regarded by many travel managers as the standard for corporate travel safety around the world.

A framework for managing travel risk should include a corporate travel policy, employee training into safe travel practices, an around-the-clock worldwide assistance network and insurance coverages able to respond globally in a coordinated manner. While many organizations have some elements of an effective framework in place, most fall short of a comprehensive program.

- **Corporate travel policy**

Corporate travel policies typically cover matters such as who is permitted to travel, airline and lodging requirements and standards, how to book reservations, and approval processes. Travel policies also should incorporate safety and security standards, especially when travel requirements take employees to less safe parts of the world. A thorough corporate travel policy contains risk-related restrictions and requirements such as training required for travel to high-risk destinations, processes for communicating changing threats to domestic and international travelers, and transportation policies and preferred vendors, including a list of the safest airlines. A travel policy also should address the number of employees permitted in a single airplane or other vehicle.

- **Travel safety training**

Employee education in travel safety should incorporate training in hotel security and safety procedures, vehicle safety and choice of rental cars, protecting personal property, mitigating health hazards and avoiding street crime. Employees traveling to particularly dangerous areas may need training in avoiding kidnap and potentially life-saving advice on how to survive abduction. Large corporations increasingly have Chief Security Officers responsible for developing and implementing safety and security programs. Smaller companies may need to hire a security consultant for these purposes.

- **Travel assistance programs**

Companies are well-advised to contract for a comprehensive, coordinated worldwide travel assistance program. A key service provided by such a program is assistance with medical emergencies, including emergency medical referrals, medical evacuation if local facilities are not able to provide care comparable to western medical standards, and medical repatriation once the traveler is well enough to return home. For employees who die away from home, assistance should be available for the return of the remains. Other services can include legal services (legal referral, advance of bail), travel services (lost ticket and document replacement, emergency advance of funds, lost baggage assistance, translation and interpretation help, emergency messaging); and information services (basic travel information such as passport and visa information, cultural information, weather information, inoculation and immunization information). Travel advisories, alerting employees to unexpected and emerging travel risks, are an important information service provided by a full-service travel assistance program.

In addition to services for the employee, a comprehensive travel assistance program will provide services for family members or a companion traveling with an employee. For example, if a child is left unattended as a result of an illness or injury, a travel assistance service can arrange transportation for travel home, and can arrange for an attendant for a child who cannot travel alone.

Around-the-clock global coverage is essential for a travel assistance program. Preferably, the program is provided by a single vendor to simplify access and to provide a seamless, fully coordinated suite of services. Needless to say, quality of service and reliability are key factors in choosing a travel assistance program.

A travel assistance program is only as good as employee awareness of the services available. If employees do not know that they can call for assistance if they run into trouble, or if they do not know who to call for help, even the best program is useless. Education on available services, and how to access those services, is essential.

- **Insurance**

A travel assistance program can assure that a sick or injured employee is put in contact with the best available medical care, but typically the employee's health insurance will not be accepted by a foreign provider. Consequently, specialized insurance is necessary to guarantee that coverage is available anywhere in the world an employee may need medical assistance.

A global insurance plan must be tailored to local requirements – there is no “one size fits all” program. Often, as a matter of law, policies must be written by a local insurance company. Assuring seamless coverage that is responsive to local business practices and compliant with local regulations typically requires a global insurer that has both subsidiaries licensed in countries throughout the world and strong business relationships with top-tier local companies that can issue compliant policies. Ideally, insurance coverage should be fully integrated with the travel assistance program.

In addition to medical insurance, accidental death or dismemberment policies offered by a company should provide coverage on a worldwide basis, and should include travel-related protection such as hijacking/skyjacking coverage and war risk coverage. Expatriates also need to be certain that they have life insurance coverage that is compliant with local laws and regulations.

The future of business travel and travel safety and security

Economic forecasters widely agree that Asia and, to a lesser degree, Latin America will be the global engines of growth for the near and far future. According to the International Monetary Fund, if current trends are sustained, by 2030 Asia's economy will be larger than that of the United States and European Union combined. Asia's rapid growth has attracted large capital inflows from North America and Europe. Business travel to Asia and other less developed regions of the world has been on the upswing, and undoubtedly will accelerate in the coming years.

In addition to more business trips to Asia and other faraway destinations, the number of longer-term assignments will grow. A survey by GMAC Global Relocations (now Brookfield Global Relocation Services) found that Russia, China and India are the “most active emerging destinations” for international assignments.

More people from more companies traveling to distant destinations throughout the world will create new challenges for assuring their safety and comfort. Large

companies may have in-house travel managers, benefit managers and security departments to address travel policies and safety education, but the complexities of meeting the Duty of Care for international travelers typically requires even the largest organizations to contract for around-the-clock global travel assistance. Smaller companies venturing far from home to tap into the growth potential of Asia, Latin America and Eastern Europe often do not have even a basic framework in place to assure employee safety and security. Most need a comprehensive, coordinated travel assistance and insurance program, and in many cases they would be well advised to seek outside help to assist with travel policies and employee safety and security training.

Why Zurich?

Zurich's comprehensive travel assistance services, included within various Accident coverage policies, provide critical assistance for employees traveling across the country or around the world. Services include security assistance, passport and visa information, inoculation and immunization, medical evacuation, medical repatriation, prescription assistance, return of companion, lost baggage service, advance of bail and more.

To learn more about Zurich's Accident coverages with travel assistance services, contact:

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¹ US Business Travel Quarterly Outlook Report, <http://www2.nbta.org/foundation/events/pages/dec10article1.aspx>

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