

conversation

with
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Since the start of the COVID-19 pandemic, employers have been asking how global business travel will look after the pandemic is over or whether there will even be an “after” if COVID-19 reoccurs seasonally. Edward I. Cha, senior vice president of global benefits and property & casualty leader for ABD Insurance and Financial Services, says that employers may wish to review their current travel needs as well as their travel insurance coverage (if any). Cha was a presenter for the International Foundation virtual conference Global Benefits in a Rapidly Changing World and has been an instructor for the Foundation’s Certificate in Global Benefits Management. He spoke with editor Kathy Bergstrom, CEBS, about business travel and issues related to travel insurance.

What is travel insurance?

Travel insurance initially started as accidental death and dismemberment (AD&D) insurance and would pay a lump sum to someone who got hurt while traveling. It has evolved to include coverage such as emergency medical care and even coverage for losing a passport. Providers have several different names for this coverage, such as *business travel accident* (BTA) insurance, *travel concierge* and *medical benefits abroad* (MBA). Travel insurance is meant to provide coverage for employees, but there are options to add traveling dependents and even contractors.

Some insurers offer coverage if the employee travels more than a certain number of miles (e.g., 100 miles) outside of their permanent residence, and others offer coverage when employees travel outside of their home country. Therefore, to answer whether in-country travel is covered depends on the insurer and what options an employer has selected. For example, someone who lives in Europe might have to travel only ten miles to reach the border of another country. If an insurer defines *coverage* as travel outside of a home country, then that travel would be covered. It is critical for employees (and employers) to understand the terms and conditions.

Why is travel insurance important?

An employer’s *duty of care* is its legal and moral obligation to look after the health and safety of its employees. Therefore, it could be considered a duty of care to make sure that in the case of an accident, employees have adequate medical coverage and the ability to get back to their home country.

For employees, the insurance could offer coverage for lost personal items (glasses, digital camera) in addition to medical coverage and accidental death benefits for their beneficiaries. Not only does travel insurance help employers fulfill their duty of care, but it also can be a very attractive benefit for employees.

What do employers need to consider when determining the level and type of travel insurance coverage to offer?

Employers need to decide what they want and are willing to cover for employees traveling on business. Questions they may want to consider include:

- Should employees have out-of-country medical coverage?
- Should dependents traveling with employees be covered as well?
- What if an employee adds personal vacation to the business trip (either before or after)? Should the personal trip portion be covered?

One important aspect of travel insurance is understanding whether the company will have a policy that provides concierge services, insurance or both. A concierge service will assist with the incident, but the company (or employee) will have to pay for the actual fees incurred. That is where insurance comes in, and most policies have a limit (e.g., pay up to \$500,000 in medical fees in case of an accident). Many companies have an insured solution (which includes concierge service) to avoid a potentially massive claim and also consolidate the number of providers involved.

How has COVID-19 affected travel insurance benefits?

The majority of travel insurance providers do not have exclusions for COVID-19, but employers should confirm this with their provider. For insurance purposes, COVID-19 is treated just like any other illness or accident.

Travel insurance is for emergencies and accidents only, so it is possible a claim will be denied if the employee is not sick and there is no accident. For example, if an employee files a claim for getting a COVID-19 test in another country with no symptoms and without a doctor's recommendation, that claim would most likely get rejected. It is also important to note that most COVID-19 testing is done and paid for by a country's government (subject to change).

COVID-19 is not classified as an accident for AD&D coverage. Therefore, most insurers will deny AD&D claims for death by COVID-19. Employers that are interested in life insurance for COVID-19 would have to make sure they have a local in-country life insurance policy (and also double-check for exclusions). Life insurance differs from AD&D coverage in that it covers all deaths (with some exclusions), which is why COVID-19 deaths are generally covered by life insurance.

Even though business travel has been severely curtailed, it is highly recommended that companies avoid canceling their travel insurance policies. Those that do not have a travel insurance policy should actually consider implementing one. It is unknown when travel will return to normal (or if it ever

will) and when employees will need to start traveling again. If an employer cancels a travel insurance policy and an employee travels for an emergency company situation, the employee would potentially not have any coverage. Employers may wish to implement travel restrictions and/or guidelines such as having certain managers preapprove all travel.

When renewing their travel insurance policies, employers can submit new travel data for the next policy year to capture any potential reduction in travel exposure—which could reduce their premium.

What should employers consider when evaluating whether to restart business travel?

Employers should evaluate the following areas:

- **Business need.** Do your employees even need to travel? Many who were skeptical about the effectiveness of working from home or remote meetings may have changed their minds in the months following shelter-in-place restrictions. Companies' corporate travel policies will continue to evolve as opinions change.
- **Government restrictions.** Forget what the company policy is—Can employees even go where they want to? And if they travel, what is the possibility of them getting stuck there due to future COVID-19 travel restrictions and quarantines?
- **Risks involved.** In addition to risks posed by COVID-19, are there other risks in the country such as security issues, the risk of a coup, other health concerns, etc.?
- **Restrictions in place at the destination.** Are masks required where the employee is traveling? Will the employee comply with local laws or be a public relations liability if they don't comply?

Last year was an unprecedented year, and few, if any, had a playbook to prepare for COVID-19. It has been a great reminder to review current policies and implement potential gaps in coverage to fulfill an employer's duty of care.