

On the Road Again

As business travel resumes, insurance veterans **MAXIME LEFEBVRE** and **JOSEPH WEISS** lay out the risks that employers and employees face.

Dear Expert:

As pandemic concerns ease, many of our employees are anxious to make long-overdue business trips. What should we be doing now to protect them and our own liability?

Apprehensive in Anaheim, CA

Dear Anaheim,

We can certainly understand your staff members' enthusiasm for renewed travel. And the time is certainly right to develop a robust plan that helps safeguard your employees' health and income in case of a serious accident or illness, and to consider potential liabilities.

Every employer is responsible to provide a safe environment for workers, no matter where they travel. Medical costs for an employee injured in an accident or who becomes ill on business-related travel assignments are usually covered by employer-paid workers' compensation insurance. When this occurs during the "course and scope" of employment, the insurance would typically assume the cost of the medical services provided to the employee, releasing the employer of liability for the employee's injury or illness.

U.S. state laws require employers to buy workers' compensation insurance. Companies with employees that travel abroad may want to consider purchasing foreign voluntary workers' compensation insurance. The policy is designed to provide bodily injury and disease medical insurance benefits to employees working outside the home country for extended periods of time.

Unlike traditional workers' compensation insurance, the voluntary workers' compensation policy generally covers a percentage of medical expenses to treat injuries and illnesses like a heart attack or stroke that are unrelated to the "course and scope" of

the individual's employment.

With both insurance products, there are some nuances to consider. Let's say an executive traveling on business dies suddenly during the "course and scope" of employment. Workers' compensation benefits still apply in this circumstance. An annual death benefit based on a percentage of the employee's salary is provided to the employee's designated beneficiaries, but the

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death benefit often falls short of a family's financial security needs.

That's one reason why many major U.S. media companies augment workers' compensation and foreign voluntary workers' compensation insurance with a business travel insurance program, which includes an accidental death and dismemberment (AD&D) benefit. In some cases, there's an additional benefit covering accidental disabilities.

Business travel insurance benefits pay on a lump-sum basis without the need to prove negligence. They are designed to pay a benefit based on a multiple of the insured's salary to allow a beneficiary to transition their life in the event of a serious injury to an income-generating family member.

In contrast, voluntary workers' compensation insurance assumes a percentage of the cost of medical expenses to treat a heart attack or stroke. But the overall cost to treat such serious illnesses can surpass \$100,000. That may be more than the policy's financial limits of protection.

The company's major medical health insurance plan may reimburse the employee

for the medical expenses. However, the policy may not apply to overseas travel and is unlikely to respond at the point-of-service. Furthermore, a major medical policy may have deductible or coinsurance amounts, which can leave employees with large out-of-pocket costs.

The business travel insurance program can fill that gap by including a benefit limit to cover medical treatments for injury or illness while traveling on foreign assignment – on top of the insurance coverage limits already provided by workers' compensation, foreign voluntary workers' compensation and the employer's major

medical health insurance.

Business travel insurance programs send a message to employees that the company truly cares about their health and well-being. But they also help to address another concern that you raised: your company's liability for an employee's illness or injury while on the road.

Employers can potentially be sued for negligence. A business travel insurance program that assumes the cost of medical treatments above the limits of protection provided by workers' compensation and other forms of insurance may help reduce the risk of being named in a high-profile lawsuit affecting the organization's reputation.



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