

Foreign Insurance Exposures

Does your Cosmetic or Health & Beauty Aide firm need Foreign Insurance?

Business insurance policies sold in the U.S. generally do not provide coverage for many of the exposures that could possibly occur outside of the U.S. coverage territory.

In addition, overseas jurisdictions often require policies and extensions that can only be provided under a Foreign Package policy. A Foreign Package policy will also provide protection of assets that could be seized, permit for the continuation of future foreign business, and may allow foreign judgments to be satisfied in the U.S.



How is today's economy affecting the insurance industry?

How do you know if you are you protected?

If you respond "YES" to any of the following, your firm could be at risk.

- Sell products or provide services outside the U.S. coverage territory.
- Have employees travel outside of the U.S. or Canada.
- Have employees temporarily or permanently located outside the U.S. coverage territory.
- Exhibit or participate in foreign tradeshows.
- Import goods from an overseas supplier or manufacturer.
- Warehouse goods overseas.
- Have a sales office or other operations located outside the U.S. coverage territory.

What coverage is available to you?

The following are some significant insurance coverages included on a Foreign Package Policy available to cosmetic, health and beauty manufacturers, distributors, importers & exporters:

- **Foreign Products Liability:** When your company manufactures and/or distributes products outside the U.S. coverage territory, a Foreign Liability Policy will protect your company in the event it faces a foreign Products Liability lawsuit.
- **Foreign General Liability:** When your company rents offices or runs meetings, demonstrations or tradeshows in foreign countries, a Foreign Liability policy will protect your firm for damages or injuries arising from such operations.
- **Foreign Automobile:** Coverage provided for Owned, Hired or Non-Owned Vehicles outside the U.S. coverage territory. Optional physical damage coverage is also available.

- Foreign Voluntary Compensation & Employers Liability: Covers for Voluntary Compensation (overseas Workers' Compensation) and Employers Liability. Voluntary Compensation covers U.S. & non-U.S. employees where U.S. Workers' Compensation does not apply. Employers' Liability provides coverage for accidents or diseases contracted outside the U.S.
- Foreign Travel Accident & Sickness: Provides coverage for employees, while traveling on company business. It can be extended to include spouses and children. Coverage for emergency medical evacuation and family travel expenses are also available.
- Foreign Commercial Property: Is available to cover your Business Personal Property while on foreign soil. This can include raw materials, components, labels etc. Property coverage can extend to your property at an exhibition or while in-transit.

Here are a few examples of foreign related claim scenarios:

- A skincare product manufactured by a U.S. firm is sold to a distributor in Spain. A lawsuit is filed in Spain based upon allegations of allergic contact dermatitis. The plaintiff seeks damages from the distributor and U.S. manufacturer. The Foreign package policy would respond whereas the U.S. company's domestic Liability policy would not based upon the lawsuit being filed outside the U.S. coverage territory.
- An executive of a U.S. based nail care distributor travels to Brazil to visit a new manufacturing facility. On the way from the airport to a hotel by taxi, he is abducted and held for \$1,000,000 ransom. A domestic policy would not cover this as you would have to purchase Kidnap & Ransom coverage separately or have it included in a Foreign Package policy.
- A U.S. based salesperson travels to Italy to meet a potential client. This employee suffers from appendicitis while at her hotel room. She is treated at a local hospital and pays the bill with her personal credit card. Back in the U.S., her

health provider refuses reimbursement for extra-territorial medical treatment however, the Workers' Compensation under the Foreign Package would respond.

Take the Next Step

Purchasing a Foreign Package policy is not mandatory however, if your firm is exposed and extends business operations outside of the U.S. coverage territory, it is certainly advisable.

In addition, there is usually a financial benefit. Normally, the rate charged for foreign sales under a domestic General Liability policy is significantly greater than that on a Foreign General Liability policy. The rate is usually less because the legal climate outside the U.S. coverage territory is less favorable for injured parties filing lawsuits in foreign jurisdictions versus the U.S. legal system.

Minimum annual premiums start as low as \$2,500 and include General Liability limits of \$1,000,000 with no deductible. Increased limits of liability are available at a reasonable cost. Like most insurance policies, terms and conditions vary by insurance company, so take your time in choosing the appropriate policy for your business needs.

*Please do not hesitate to call me with any questions. I can be reached at **201-661-2321** or **201-566-5608**.*

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