

NONPROFIT ORGANIZATION GUIDE

Securing Assets Abroad

A Global Insurance Program to Protect
Your People and Property

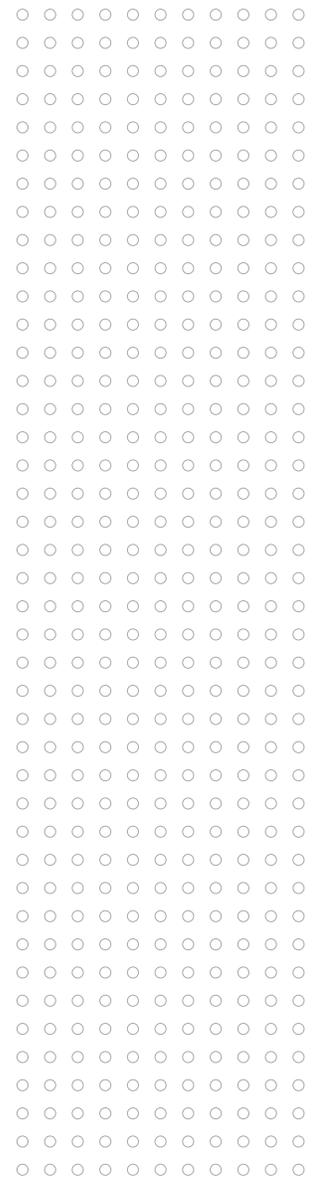


Nonprofits expanding their missions internationally assume more complex risks and must develop strategies to protect workers and volunteers from exposures abroad. These hazards include political instability and economic unrest, endemic disease exposure, natural disasters, travel accidents and more.

In 2021, more than 140 aid workers perished — the highest number of humanitarian worker fatalities since 2013.¹ In addition, 200 sustained injuries in foreign attacks and more than 100 were kidnapped, with researchers predicting an even higher number of casualties in 2022 and 2023 due to the war in Ukraine.²

While many nonprofits may be conducting their overseas programming with limited budgets, they must safeguard their workers and volunteers abroad. Failing to satisfy established legal and moral duties to protect personnel deployed to unsafe locales — a practice known as duty of care — can have disastrous consequences for individuals and organizations.

Operating on a complex global risk landscape, nonprofits must ensure they have the right insurance to protect against these risks.



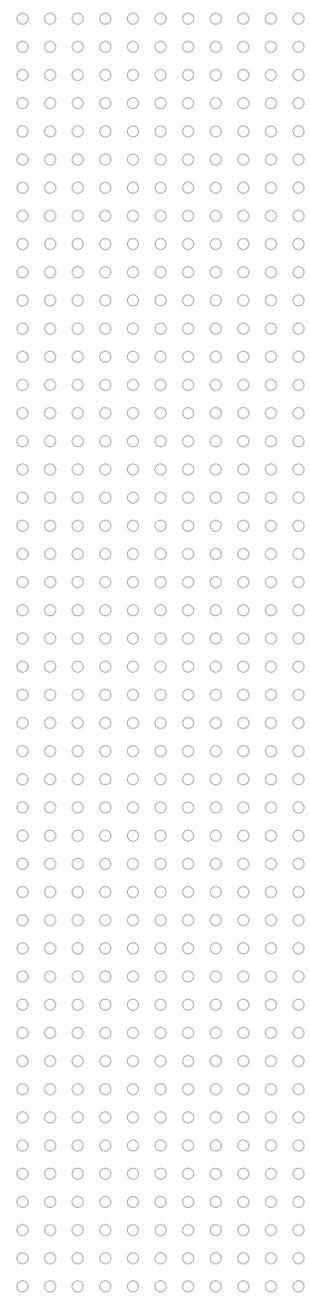
¹ United Nations, “More than 140 aid workers killed in 2021 as crises soar worldwide,” August 16, 2022.

² Humanitarian Outcomes, “Aid Worker Security Report 2022: Collateral Violence,” August 2022.

International Insurance Closes a Gap

A nonprofit operating domestically within the U.S. or Canada needs insurance protection against a variety of risks based on its programming, operational structure and asset base. This insurance includes Property, General Liability, Automobile Liability, Workers' Compensation, Directors & Officers insurance and a combination of other [coverage options](#) for both its headquarters and satellite operations.

But domestic property and casualty insurance policies generally respond only to claims in the U.S., its territories and possessions, Puerto Rico and Canada, creating a gap for claims brought overseas. To ensure that your organization is solidly protected and satisfies its duty of care to workers and volunteers, evaluate your operations and consider the options available.



DON'T BE CAUGHT UNPROTECTED



Foreign Medical Coverage

A donor breaks a leg while traveling to observe his charity's operations in a remote area of Southeast Asia. He must be airlifted to an appropriate medical facility in a neighboring country at a cost of more than \$200,000.



Foreign General Liability

An employee visiting Western Europe inadvertently allows his hotel bathtub to overflow while on an extended conference call, causing extensive damage to his room and the ones below.



Political Risk

An organization's assets on foreign soil, including its bank accounts and physical inventories, are left vulnerable to confiscation and expropriation when political power quickly shifts within the host country.



Kidnap & Ransom

A Latin American aid worker is suddenly abducted in broad daylight, severely beaten, driven to a series of ATMs and forced at gunpoint to drain his bank account, then dumped at the roadside.

Structuring Your Foreign Insurance Program

Before a nonprofit begins operating abroad, it should arrange a *Foreign Package* policy, which generally includes such coverages as Foreign Commercial General Liability, Foreign Property, Foreign Workers' Compensation, Foreign Employers' Liability and Foreign Business Auto Liability.

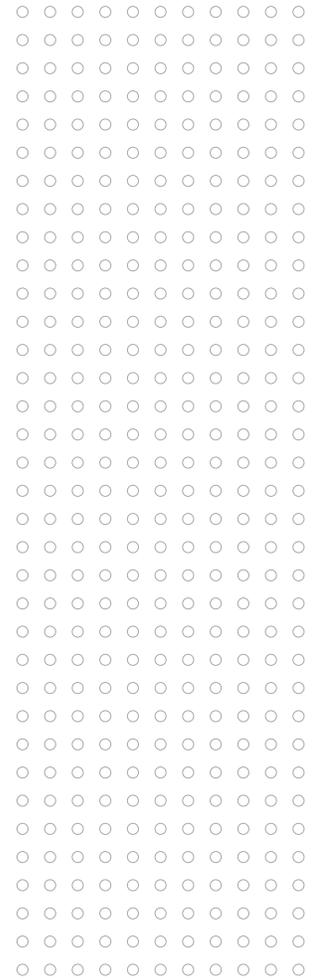
Beyond the Foreign Package policy procured in North America, countries have their own insurance requirements. Most prescribe compulsory insurances for certain types of operations and risk exposures. An increasing number of nations also require that insurances be arranged in the local marketplace with indigenous insurers.

The next step is to ask yourself: *How does your international nonprofit operate?* Does the organization have:

- **Satellite or temporary branch offices in foreign regions**, established by visiting employees who will return to their home countries once work is done?
- **Locally-registered subsidiaries abroad**, rooted in the community, often run by native employees?

The nonprofit's global structure will determine what types of insurance policies are necessary and how the organization purchases coverage.

There are two basic structural options: *a controlled master program* and *an unbundled program*.



CONTROLLED MASTER PROGRAM

The controlled master program is ideal for a highly centralized global nonprofit that places greater importance on policy control at its headquarters, coupled with structural consistency. This program includes a North American-based Foreign Package policy complemented by smaller local policies rolled into the larger master program — all through the same multinational insurer and its local subsidiaries/affiliates.

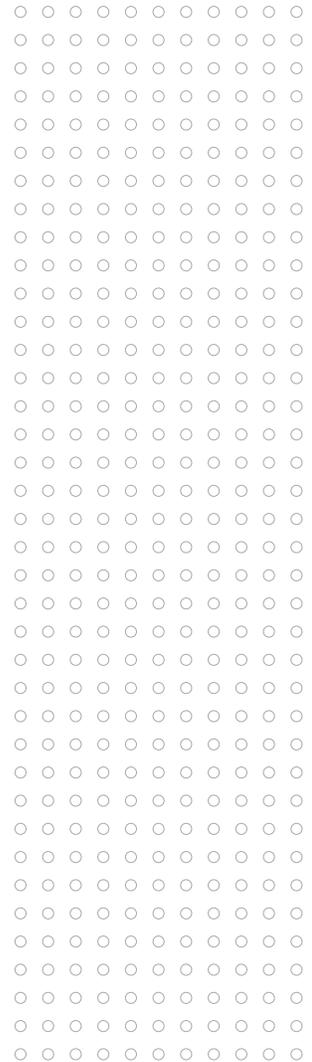
While this approach delivers cohesive protection with streamlined administration and greater cost efficiency, it restricts flexibility and cultural nuance on the ground.

UNBUNDLED GLOBAL PROGRAM

An unbundled, or decentralized, global insurance program is best for organizations that prefer a greater level of local autonomy. In this type of structure, the North American-based Foreign Package policy is augmented by local policies arranged independently by the organization's country offices — often with entirely unrelated insurers and through locally-chosen intermediaries.

An unbundled program allows for greater regional flexibility, but if local staff are not well-versed in insurance or are unable to manage administrative and compliance burdens, a decentralized program can open the organization to risk.

An unbundled program underscores the importance of global headquarters oversight to ensure that the pieces of the international portfolio fit together seamlessly, satisfy local regulations, and properly protect the organization with solvent insurers. A resourceful broker with strong global expertise can ensure the success of such a program.



What does a Foreign Package policy include?

International insurance picks up where domestic policies end. The reciprocal of a U.S. or Canadian policy, a Foreign Package applies anywhere in the world except the U.S. and its territories, Puerto Rico and Canada. Some policies may contain territorial restrictions for high-hazard countries or those subject to trade or economic sanctions.

A Foreign Package policy is a modular product that can be built according to the buyer's needs. Core elements include:

- **Foreign Property** — insures against direct physical loss or damage to tangible property abroad, and extra expense/loss of income associated with its damage or destruction.
- **Foreign General Liability** — covers civil liability for bodily and property damage claims abroad.
- **Foreign Auto Liability** — covers civil liability for vehicular injury or damage claims abroad (usually excess of local insurance applicable to the vehicle).
- **Foreign Employer's Responsibility** — insures against occupational injuries overseas, including exposure to endemic disease. This protection extends to include executive assistance services such as emergency medical evacuation and repatriation. Organizations contracting with the federal government may be required to address workplace injury risk through Defense Base Act (DBA) insurance, which is typically sold as a stand-alone placement.

Nonprofits may also benefit from specialized additional protection in the form of Business Travel Accident and Kidnap & Ransom insurance. These policies insure against accidental death or catastrophic injury and abduction, hijack, extortion and detention, and include the services of crisis management response firms.

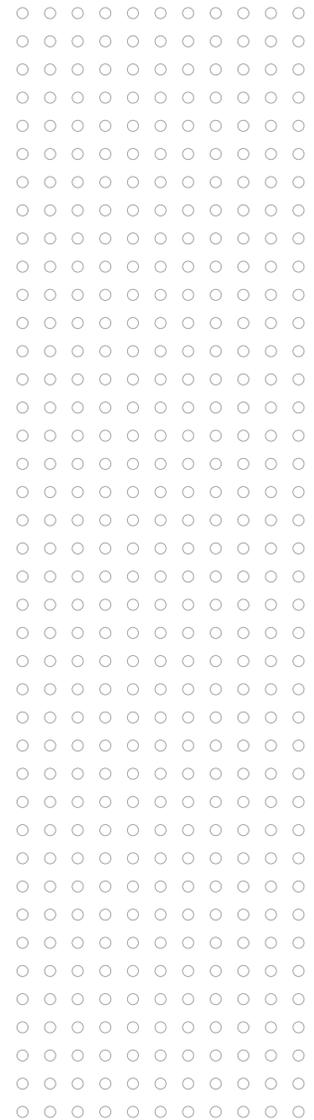


3 Best Practices for Meeting Duty of Care

Independent of insurance protection, nonprofits must prepare their international personnel for the medical, natural and security risks they face abroad. They must equip their people to navigate any contingency that could arise.

Here are three best practices to satisfy your duty of care:

- 1. Research and evaluate the risk.** Before authorizing travel, assess public health conditions, natural perils, sociopolitical climate and security risks of travel destinations. The assessment will not only determine if a trip is reasonable, but also help inspire procedures to follow if the trip is greenlit. The same process should be used before establishing local branches and consider the long-term risks of having a presence in any locale.
- 2. Prepare travelers and local workers.** Equip your travelers with necessary immunizations, briefings on local conditions and training on what to do in emergency situations. Consider engaging a single-source executive assistance firm to support travelers with real-time guidance and access to medical, legal, consular and other services.
- 3. Insure appropriately.** Anticipate potential risks and arrange specialized protection against them. This can include services for emergency medical and political evacuation and repatriation.



BETTER SAFE THAN SORRY

A lapse in duty of care can be ruinous for any nonprofit. Consider the case of a U.S. aid worker who was kidnapped and detained for nine months during a deployment to South Sudan. Upon her release, she swiftly sued the nonprofit and its risk management partner for failing to provide her with adequate training and resources, including security personnel — making front-page news. It can take years to build an organization’s good reputation but only seconds to destroy it.

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