

By Scott Machut and Melissa Tilford

The recent interest in business travel benefits is no accident, but employers and insurers often devote little attention to details.

Insuring Business Travel

Business travel accident coverage has been available from employee benefit providers for years, but has become more popular lately. As a benefit, BTA is an important part of today's global economy; as a product, it is both a door opener in pursuing new group-life business and a defensive card to protect the persistency of such profitable business. The growth of BTA, however, raises certain underwriting and risk-management concerns that shouldn't be glossed over in the pursuit of this market.

First, it's important to understand what BTA policies generally cover. BTA insurance is an employer/employee group-insurance plan offering protection in the event of accidental death or dismemberment due to business-related travel. Generally, BTA provides coverage for all employees or classes of employees on a blanket basis for specific hazards. Historically, many employers provided BTA benefits to their employees due to new and unfamiliar hazards faced during the course of business travel. Today, BTA insurance is considered a standard component of the employee-benefit packages offered. Because of its flexibility and low cost, BTA is very attractive to employers, given the high value placed on the benefits by business travelers.

There are several reasons interest in BTA has increased in recent years. These include:

- BTA coverage is in the spotlight as a result of the Sept. 11 terrorist attacks.
- BTA coverage is a critical component of the benefits offered to companies that have employees involved in the rebuilding of Iraq and in other international hot zones.
- The increased use by brokers of online requests for proposals which require a BTA offering in the bid process.
- BTA has become an important bargaining chip during the renewal process of many group-life programs.

Even so, the benefit is often underappreciated by the employee benefits market. While business travelers are quick to inquire about the availability and amount of BTA benefits offered by an employer, employers and insurance companies alike tend to devote relatively little attention to the data requirements necessary to adequately price the exposure. In fact, many employers use their purchasing departments to obtain quotes for BTA and treat it as if it were as much of a commodity as Styrofoam cups.

While the employer may save a few pennies, it misses the opportunity for a consultative discussion with its benefits provider which could result in a customized product offering that optimizes the basket of BTA benefits available based on that employer's unique types of travel exposures. Waiting until there's a large claim is not the

best way for an employer to find out if its BTA coverage fits its needs.

Since BTA benefits are often triggered by catastrophic events, the risk management component of BTA underwriting must also receive greater attention. For example, while many companies say they have corporate travel policies limiting the number of key executives or total employees traveling together, in practice these rules are often not followed and further raises the question of how well employers are really managing their concentrations of risk.

Waiting until there's a large claim is not the best way for an employer to find out if its BTA coverage fits its needs.

In our experience as a reinsurer, we've seen that many employers and their benefits providers have insufficient or unreliable data when it comes to reporting:

- number of business travelers;
- aggregate amounts of coverage offered;
- locations and durations of business travel; and
- the means of transportation.

Since getting this information is time consuming, the data collected may be anecdotal and inconsistent. Similar arguments were once made about the difficulties in collecting concentration of risk data for group life coverage before Sept. 11 showed the risks of unknown concentrations. The importance of collecting BTA requirements should not be overlooked when evaluating risk exposure.

Finally, it is essential that international employees of U.S. corporations with global operations are covered by the appropriate policy: a U.S. domestic policy, a Lloyd's policy or a policy issued by an authorized insurer in the country where the employee resides. This varies by circumstances and is another argument for having a consultation between the employer and the benefits provider.

BTA is an important benefit in today's economy. Paying attention to these details will lead to better risk management and more opportunities in the BTA market. **BR**

Contributors: Scott Machut is senior vice president and Melissa Tilford is vice president of marketing and underwriting for life, accident and disability reinsurance with ING Reinsurance in Minneapolis. They can be reached at scott.machut@us.ing.com and melissa.tilford@us.ing.com.

