



More insight into risks for expats and internationally mobile employees

Both national and international companies increasingly send their employees to higher-risk countries in South America, Asia, the Middle East and Africa. This does not concern only expats, who are stationed abroad for an extended period of time; it also involves business travellers going abroad incidentally. This is why it is important for companies to have a safety and security protocol in place for these employees.

However, experience shows that such a protocol is not often available, leaving companies unable to adequately respond to a crisis situation. From surveys that Aon conducted, it has become apparent that the world has not become a safer place during the past few months and years. This requires adjustments on both the employee's and the employer's part. Furthermore, it appears that the type of internationally mobile employees is changing as well as the duration and nature of the assignment abroad.

In this whitepaper, Aon Hewitt answers the question how companies, universities and non-profit organisations can deal with their responsibility regarding the safety and well-being of expatriates and internationally mobile employees.

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1 Introduction

Amidst growing internationalisation, companies increasingly send employees abroad. Sometimes for a number of years, but increasingly also for shorter periods. At the same time, the world has not become a safer place during the past few years. This means that companies and their internationally mobile employees are increasingly exposed to risks.

The question is to what extent companies are aware of these risks and understand which measures they should implement. From Aon's survey, it became apparent that many companies do not have a clear insight into the financial consequences of any calamities such as kidnapping and natural disasters, such as the ash cloud and the tsunami. Furthermore, insurance policies are often not well-matched to possible personal injuries, damage and loss that their expats and business travellers may incur.

It is therefore vital for the companies involved to have a safety and security protocol in place. In practical terms, this means, among other things, that the company and the relevant employees must be aware of current developments within a country in order to prevent unpleasant surprises at a later stage. It also means that the global mobility managers, risk & insurance managers and HR directors within a company are given more responsibilities. They not only coordinate activities, but will also have to deal with issues such as safety and risk management.

The increase in both mobility and risks also implies that the necessary requirements must apply for internationally mobile employees. They must be properly trained and also have the necessary experience. Accidents do happen and just at such a time, experience can make all the difference. Proper preparation in the form of training is certainly recommended. A company must also thoroughly understand the extent and nature of risks involved in a visit to a certain country.

Preparing a safety and security protocol is not a simple task and not all companies have the required knowledge. These companies are advised to request the assistance of external advisors. Growing internationalisation, increasing unrest throughout the world and the increasing number of expats highlight the importance of a thorough preparation before going abroad – and the necessity of preparing such a protocol.

2 Developments

Latin American, Asian and in particular European companies show a strong increase in the number of expatriates. The underlying reason of this increase is that many companies look for foreign expansion, mostly in search of new markets and cheaper production and knowledge opportunities. On the other hand, we also see that some multinationals actually are decreasing the number of expatriates as these companies increasingly make use of locally trained employees. Naturally, it is important to assist these locally recruited employees during the start-up phase.

In order to achieve maximum effectiveness during this period, these companies make use of their own employees, stationing them abroad for a short period of one year at most. This group of employees, referred to as business / project travellers, have specific knowledge and show high flexibility.

Risks

The main risks involved in international mobility include:

- terrorism;
- kidnap for ransom;
 - the number of kidnapping cases doubled during the past six years
 - The number now stands at 10,000 per year, 10% of which concerns business travellers
- criminality;
- civil unrest and civil war;
- traffic accidents;
- medical risks.

Employer obligations

Employers have a number of obligations they must comply with regarding expat employees and employees travelling abroad on an incidental basis. These include:

- Informing employees on the risks of international mobility (travelling) and making a prior assessment of the safety of operational sites.
- Providing adequate information on risks and safety, and providing advice and training to the employees that will travel to or will be stationed in higher-risk areas.
- Preparing employees for international mobility and implementing a travel risk protocol.
- Preparing procedures for dealing with travel-related incidents.
- Concluding adequate insurance covering damage, injury and loss incurred by employees (Article 7:611 of the Dutch Civil Code).

More so than in the past, organisations have a duty of care to protect their employees during business travel. The risks that these employees are confronted with have drastically increased, ranging from medical problems and downtime of transportation links to natural disasters, serious security threats and loss of image.

New type of assignments

Aon Hewitt detected some changes within the field of working with expats, in particular concerning the following new developments:

- Short-term foreign assignments and project-based foreign assignments are substantially increasing. This specific group of employees can also be deployed for resolving problems that the local employees are unable to deal with. Other reasons are related to cost and family issues.
- Long-term assignments of an average of five years are reduced to a maximum of three years. Companies increasingly use local solutions for assignments that threaten to last longer than five years.
- A wider variety of nationalities are now part of the group of internationally mobile employees and the number of intra-regional foreign assignments is on the increase.
- The composition of families tends to change, showing more dual income situations, more female expats and an increasing proportion of single employees.

New type of expat: expatriate

As new markets are emerging in South America, Africa and Asia, a new type of internationally mobile employee is arising: Expatriates; employees moving from project A to project B and from B to C. These employees may no longer be considered as the traditional expats, staying in one fixed place for three to five years; instead, they live rather like the new international nomads. Neither should this group be confused with business travellers who cross the border for an incidental job. An increasing number of multinational companies make use of this new group. The key features of this group are:

- flexible employability, moving from project to project;
- no fixed home or station (no home base);
- can be deployed quickly and effectively world-wide;
- is not a standard expat;
- is between 25 and 35 years old;
- speaks various languages;
- has an adventurous disposition and is highly motivated to explore the world;
- makes use of various social media forms (internet-driven).

3 Problem definition

Remarkably, social media vent ubiquitous mentions of business opportunities that can be gained from international expansion. However, businesses do not sufficiently stop to think about the hazards involved in international travel. An employer may think that an insurance policy will cover the risks. However, in a life-threatening crisis situation, other forces arise that have a negative effect on the decision process. Who is responsible for what, and who coordinates and directs? Without the proper protocols, the employer is fully liable for everything and may have to contend with negative financial consequences as well as serious loss of brand reputation and image.

Insufficient attention for medical and personal safety

As employees travel the world, they are exposed to multiple medical and safety risks caused by both man and nature. The impact may range from a minor inconvenience to an incident with serious bodily injuries or even fatal consequences. From Aon's survey, it became apparent that many companies do not have an adequate global mobility plan in order to protect their internationally mobile employees, control the risks and respond to incidents.

Insufficient attention for Expatriate Risk Management

Companies indicated that they do not have a clear insight into the financial consequences in the event of calamities abroad. Furthermore, compliance is increasingly insufficiently charted and international insurance products such as medical coverage, accidents, business travel incidents and personal injury are often not a good match. This means that the role of the global mobility manager is likely to dramatically change during the next few years. In addition to coordination, the global mobility manager's role is extended with safety, security and risk control - or in brief: 'Expatriate Risk Management'.

4 Solution to the problem

To the employer, it is vital to conduct a detailed Travel Risk Analysis in order to fully understand and assess how the organisation deals with the risks of international travel. Is a risk policy available? What is the existing policy and what is the procedure relating to crisis control and planning? Which insurance programmes are currently available?

It is important in this respect that the relevant parties, including the risk and insurance manager, HR director, operations director, security director and other senior executives gain a clear, joint insight into the risk profile applicable to their internationally mobile employees. This group of employees should be specified into long-term assignments and short-term assignments.

An accurate risk profile must be assessable and must contain at least the following elements:

- Travel profile: Recording detailed information regarding the number and frequency of the travellers. What is their experience, which travel patterns apply and what is their experience when travelling to destinations that can be described as known and regular, and destinations with increased risk.
- Travel procedures: Making an assessment of existing travel procedures, crisis control plans, crisis communication plans, medical business processes and security mechanisms. And also an assessment of the distribution of roles and responsibilities.
- Insurance and third party review: Which schemes did the employer implement regarding business travel, accidents, personal injury, liability, kidnap & ransom, extortion and other possible related insurance policies? Are there any effective agreements and schemes concluded with medical institutions and Security Response agencies, or any other similar parties, and what is the cohesion between these schemes and parties?

5 Recommendations

During the recent events in North Africa and the Middle East, Aon Hewitt assisted organisations during events such as evacuations, crisis control and strategic decisions. Based on this insight, a number of important developments were determined in the area of international mobility.



Our experience in the field of international mobility teaches us that employers do not always give prevention and security the highest priority. Even the internationally mobile employee is often insufficiently aware of the risks involved in short-term or long-term international assignments. The security in the world changes imperceptibly. Even in countries that seemed safe enough, the circumstances may change any day.


Both employees and employers should be aware of the risks associated with international travel. Furthermore, it is important to employers to accept responsibility for the well-being and security of the employees on foreign assignment for the company. The employee, after all, expects his/her employer to lend professional assistance in a time of crisis. Not being able to fulfil these expectations will harm the company's image and makes for negative image-building with possibly serious financial consequences to both the employer and/or the employee.

Key starting points that must in any case be known and organised can be divided into three phases:

Anticipation phase

Preparing a travel management strategy based on country analyses and compiling an internal risk process, such as:

- Preparing and protecting the employees when travelling to higher-risk countries. Ensure that employees being sent abroad are appropriately trained and experienced. Safety and security is a matter of many minor decisions. These are often made on the basis of individual experiences, or the lack of it, as the case may be.
- Continually monitoring local and worldwide risks, in order to ensure that employees are aware of possible risks and hazards in advance.
- Implementing security procedures and most of all, keeping these up to date, anticipating that things can go wrong due to domestic unrest, kidnapping, terrorism or accidents.
- Creating a safety, security and insurance plan that immediately becomes effective when a calamity arises. This ensures reduction of both the risks and the liability of an employer.



AFGHANISTAN

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△

Avoid travel to the eastern and the southern provinces of Helmand, Kandahar, Nimruz, Zabul and Uruzgan, where the Taliban remain active and government control is minimal. Kabul is under greater threat of attack in recent months; a significant co-ordinated attack occurred on 11 February. No region should be considered safe, indiscriminate attacks can occur at any time.

- 5 △ Street Crime
- 5 △ Serious Crime
- 5 △ Terrorism
- 5 △ Kidnapping
- 5 △ Civil Unrest
- 5 △ Regime instability
- 5 △ State impunity
- 1 △ Espionage
- 5 △ State corruptibility
- 5 △ Armed conflict

WorldAware Rating System

1 Negligible
 2 Low
 3 Medium
 4 High
 5 Severe

Prevention phase

- Always ensure you provide accurate, current information. This applies to both employees in the field and employees at the head offices. Any information from public sources such as the news on TV, news wires and social media is invaluable, as well as specialist sources such as the security analyses of specialist organisations.
- Make the risks plain. Collaborate with people in the field from hour to hour in order to establish which risks the company deems acceptable. For example, should employees try to go to the airport in the event of a calamity, or should they stay in their hotel room? Providing safety and security training prior to being sent abroad. This can be achieved based on an online module, for example.
- Concluding medical and/or business travel cover with accident coverage plus full molest clause.

MEXICO

4 Mexico is a High risk country. A recent bombing campaign occurred across the country after a government clamp down on drug cartels. The threat from violent crime and kidnappings are the most serious for business travellers.

WorldAware Rating System

Negligible Low Medium High Severe

- 4 ▲ Street crime
- 5 ▲ Serious crime
- 3 ▲ Terrorism
- 5 ▲ Kidnapping
- 4 ▲ Civil unrest
- 3 ▲ Regime instability
- 4 ▲ State impunity
- 3 ▲ Espionage
- 3 ▲ State corruptibility
- 2 ▲ Armed conflict

Traveller's Situation Brief

Mexico is a high-risk country for business travellers. This is in part due to the level of serious crime and number of express kidnappings that occur in the country. Before travelling, you should consider our [Travel Safety Essentials](#).

Serious crime related to drug cartels is a severe risk in the country. There have been close to 20,000 related deaths since President Calderon came to power in 2006. While most victims are Mexican citizens, the deteriorating security situation means that the likelihood of foreign business travellers' exposure to such security threats is increasing. This is especially true all along the northern border areas, and especially the state of Chihuahua. The state of Michoacan has also recently faced such issues. On March 14 gunmen killed three US Consulate workers in the Ciudad Juarez.

Latest country news: Are Mexican Trucks Safe? - Student Operated Press

Weather
18°C (60.8°F)
Sunny

Local time
Time zone:
GMT-06:00
hours

Money
1USD =
12.30MXN

Response phase

If something does eventually happen, it is of vital importance for the employer to respond immediately and take charge. The eventual decision regarding evacuation, for example, is for the head office to make. The individual in the field generally loses overview and insight quickly and could also be emotionally biased. The eventual decision to evacuate or not should be made by someone who is not involved in the situation. Making the right decisions during the first hour of a crisis is crucial.

The employer should always have an external crisis team provide information if the internal level of knowledge is inadequate. If desired, request professional assistance in setting up risk programmes, evacuation programmes and pre-deployment information. The employer cannot afford to implement standard solutions as the safety and security aspects of international travel always require specific, tailored solutions.

6 Conclusion

Not all companies with internationally mobile employees have a clear insight into the financial risks they incur abroad. Furthermore, it has become apparent that the international insurance policies they conclude do not always match any personal injury, damage and loss that may be incurred abroad. This implies that both the company and the relevant expat may be confronted with unpleasant surprises in the event of a calamity.

It is therefore vital for the companies involved to have a safety and security protocol in place. Companies must build up a clear insight into the risks present in countries where employees are sent, and keep the relevant information up to date. During a calamity, the tasks and roles within an organisation must be clear in advance. For example, any evacuation decisions should be made by the head office. Due to the increased risks, the responsibilities of the global mobility manager, risk and insurance manager and HR director will be extended.

It is important for companies to deploy experienced and adequately trained employees who can be relied upon to properly prepare for travelling and understand the risks involved. Accidents do happen and just at such a time, an experienced employee can make all the difference. The expats, in turn, should be able to rely on their employer to take adequate action and provide professional assistance, also during calamities.

Preparing a safety and security protocol is a complicated process during which external assistance may be required if the company's internal knowledge is insufficient. The growing internationalisation, the associated increase in the number of expatriates and the unrest in various regions in the world highlight the necessity of having a safety and security protocol in place.

Arno Rietveld



Arno Rietveld is a senior consultant at Aon Hewitt Expatriate Services. His specialist fields are Safety, Security and Employee Benefits schemes relating to international mobility. He supports companies in their efforts to clarify the risks and reducing vulnerabilities in the field of international mobility. He assists companies when preparing risk profiles and prepares the structure of international employee benefits and safety and security schemes and rules. He is a specialist in the field of international programmes in the areas of healthcare, income and safety and security.

Contact

For more information on risks for expats and the solutions that Aon Hewitt can offer, please contact:

Arno Rietveld T. [+31 \(0\)10 - 448 82 17](tel:+31204488217)
M. [+31 \(0\)6 534 203 77](tel:+3120653420377)
E. arno.rietveld@aonhewitt.com

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