

# SPECIAL REPORT:

## BUSINESS TRAVEL RISKS

- 34 **On the road again**  
Increasing numbers of companies are investing in business travel, but there are risks as well as benefits, with each destination carrying its own issues
  
- 35 **Preparation is paramount**  
Employers have a duty of care to ensure that they protect their staff while travelling away from home



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# On the road again

## The recovery in business travel poses challenges for employers

**I**F THERE IS A SINGLE STATISTIC that summarises the rapid turnaround in global business travel, it is Germany's export numbers. In September, the latest available figure, the value of exports produced by Europe's manufacturing powerhouse exceeded the worth of its imports by €20.4bn. It was the country's biggest export surplus in more than five years.

But the statistic also illustrates the vital importance of business travel. German industry invests more on sending its salesmen, engineers, technicians and other senior executives around the world than any other European country. This year its manufacturing and other sectors will spend about \$53bn (€39bn) on travel, a 5% increase on 2012.

But other countries are following suit. Although Germany is the biggest spender in Europe, more countries are earmarking ever larger travel budgets as the penny drops about the medium and long-term returns to be gained from face-to-face dealing with client companies and the supply chain. According to the Global Business Travel Association (GBTA), business travel worldwide

will hit \$1.12trn this year in a general recovery.

Encouraged by an export-mad government, UK industry has seen the light – the private sector will invest \$41.3bn in travel this year. But in a transformational development, it is the BRIC countries that are leading the way as they seek opportunities in new markets. For example, China will hike its overall budget for business travel by 15% this year, according to the GBTA. Brazil, which will boost spending by 14.2%, is not far behind, while India and Russia will respectively outlay 10.4% and 8.5%.

What do those numbers tell us? Remarkably, the rate of increase in China's spending is more than three times that of the US and Germany and seven times that of Britain. The reason? Chinese business people much prefer dealing face to face with current and potential partners and are prepared to invest heavily to do so. According to a survey by the World Travel and Tourism Council (WTTC), no less than nine out of 10 Chinese executives are convinced that actually meeting people is "essential to the organisation's success and that

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**'The number of events – we could call them crises – has grown dramatically'**

Stéphane Baj ACE

business travel increases the chance of improving sales".

This growing stampede to seek commercial opportunities is based on the recognition, according to the WTTC's figures, that on average every dollar invested in international travel will generate \$17 in trade. Clearly, a 1,700% return is not to be ignored. Just as compelling, the senior executives surveyed by WTTC say that 29% of new sales depend on business travel.

### Medical risk

Yet, while actually turning up in somebody's office is proven to be a crucial element in doing business across borders, the rapid resurgence of commercially inspired travel poses mounting

problems for companies with far-flung executives. "The variety of risks we're seeing is growing," says ACE director for Europe, Middle East and Africa Stéphane Baj. "Medical risks especially have increased a lot." (See thought leadership box.)

Indeed, as the firm's own detailed research shows, this is because the patterns of business travel are changing. Instead of despatching staff on long-term assignments overseas, companies are increasingly sending executives on whirlwind trips to several destinations over a period of several hectic weeks.

This trend raises a new set of challenges. Permanent staff quickly develop a sense of the dangers, something that in-and-out travellers cannot do. In short, the latter need to be educated before departure under a firm's duty of care towards employees.

"American businesses take these obligations very seriously," says Marianne Hoski, director of marketing for iJET, a global security and intelligence firm. "Most of our client companies run very rigorous programmes to observe duty of care."

Further complicating things, most of these high-pressure travellers

## Disasters do happen

They may make the headlines, but few business travellers will be faced with volcanic eruptions, floods and other natural disasters, coups d'état and terrorism attacks. Security specialists spend most of their time fixing more mundane problems caused by closures of bridges or tunnels, lost baggage or flight delays.

However, major incidents do happen – there were 14 coups or attempted coups in sub-Saharan Africa in the past three years – and companies must have an action plan to deal with them, particularly those

that are obliged to send their people into problem areas.

"More and more companies have to accept these risks to stay in business," says iJET's Ed Daly, director of watch operations and a veteran of security issues. By way of example he cites suppliers of equipment to oil firms operating in remote locations – "they have to send their people in, but they work hard to mitigate those risks".

And things can go wrong very quickly. During the Arab Spring the InterContinental group's Hotel

Semiramis in Cairo found itself effectively under siege with a group of protestors threatening to burst through the doors and the army stationed outside with tanks. Guests including business travellers and staff were trapped and the situation was worsening by the hour. The hotel chain immediately dusted off a tried and tested strategy for critical emergencies. Head of risk management John Ludlow shut down the hotel and parachuted in two troubleshooters – a former military intelligence officer who

secured the perimeter and a health and safety professional who helped manage the situation inside. In the emergency the group's company-wide system provided a kind of template that preserved a measure of control. "These crisis plans facilitate structured teamworking at a time where there is considerable uncertainty and behaviours are under pressure from the stresses that you get at such events," says Ludlow.

Crisis plans help travellers and staff alike in such emergencies.

represent the company's top talent, with more sales trips being made to relatively unfamiliar regions in Asia, South America, Middle East and Africa. While businesses based in Spain often have historic links to Latin America, for companies operating out of other countries these multiple-destination sorties put the onus inevitably on headquarters to educate their road warriors beforehand.

Indeed, this obligation is enshrined in law and companies are increasingly at risk if they do not observe duty of care obligations. However, the employer's responsibilities don't end at head office. When staff are out in the field, the employer is obligated to provide due protection, support, a safe system of work and rescue facilities.

Protecting employees through insurance is also important and considered an integral part of pre-travel preparation. Getting the right advice ahead of any potential problems is key to more comprehensive travel security and insurers can help with this.

### Multinational coverage

These trips across several borders at once pose new problems for insurance

When much of the city of Brisbane in Queensland was under water nearly three years ago, the hotel group had a purpose-designed template called "Shelter in the storm". Top priority was to ensure the safety of guests and staff. Second, the group offered help to a stricken wider community.

That kind of preparedness for action goes straight to the bottom line. Over the years the number and cost of the hotel chain's average insurance claims per room has been falling and, with it, the price of annual premiums.

companies in terms of providing policies that are applicable everywhere. Until very recently, most policies have covered a handful of jurisdictions and simply may not work in, for example, emerging countries.

"ACE has pioneered business-travel cover on a worldwide basis," says Baj. "It is just commonsense to have multinational insurance programmes now." In practical terms this removes the risk for an unlicensed or "non-admitted" insurer being unable to pay for out-of-country medical services such as evacuation, emergency cash payments, death or dismemberment benefits, as well as ensuring consistent cover for less dire events such as lost or delayed baggage.

### Company-wide protocols

Until a few years ago it was standard practice for personnel to make their own insurance and even travel arrangements. But as business people travel more widely and more frequently, this relaxed attitude is being replaced by company-wide protocols. These make it easier for firms to manage incidents ranging from the 'high-frequency, low-impact' loss of commercially sensitive data and baggage to 'low-frequency, high-impact' events such as sudden illness, natural disasters and kidnapping.

The explosion in business travel is inevitably leading to more problems as well as opportunities. "The number of events – we could call them crises – has grown dramatically," says Baj.

The main thing to remember, advises Tony Ridley, chief executive of Asia-Pacific based consultancy Intelligent Travel, is to take appropriate precautions, wherever you happen to be. "Despite the considered hazards of a specific location, with the right solutions, the residual risk can be quite low," he says. "Country conditions are not the sole or exclusive element in the management of travel risk". **SR**

# Preparation is paramount

## Employers have a duty of care to protect their staff while travelling

**N**EVER SEND AN EMPLOYEE INTO THE LION'S DEN – at least not without a comprehensive heads-up. Highly summarised, that is a company's first obligation under duty of care. Thus when iJET's clients are about to send staff into new territory, it calls on its experts to deliver what watch operations director Ed Daley describes as a "pre-trip, full-spectrum deployment briefing".

"We never say 'don't go'", Daley adds. "But we do explain the risks. You can in fact go almost anywhere if you take the right precautions."

These briefings should cover the gamut from physical danger to health risks, a particularly important issue because sudden and severe illness can torpedo an entire project and involve a company in the heavy expense of flying staff home.

But these pre-deployment sessions also protect the company as well as the individual. Britain's manslaughter laws expose employers to heavy repercussions such as fines and even imprisonment if they have not taken appropriate measures to ensure the safety of their people. And the simple act of buying insurance cover against various eventualities may not satisfy the courts if an employee takes legal action after some mishap or other. Essentially, an aggrieved employee only has to prove he did not receive adequate advice or support.

### Three steps

As a first step, the employee's fitness for travel and overseas work must be assessed in terms of health. Under the UK's Health and Safety at Work regulations, the basic rule of thumb is that the company should conduct "suitable and sufficient" pre-departure risk assessments.

And a briefing made last year – or even last week – may not represent a true picture of the situation, so quickly are the risk profiles of some regions, countries and cities changing. "Even if the travellers are experienced and educated with exposure to the destination, they need to be informed of recent events, changes and any updates," says Intelligent Travel chief executive Tony Ridley. He ticks off a string of items prone to constant reassessment – new concerns about health or illness, political upheavals, changes in the tourism infrastructure such as transport or hotels.

Travel novices should be given more detail. Ridley recommends they be provided with a full run-down on the country, city or cities on the itinerary, nearest and best hospitals, location of key landmarks such as airport and hotel, routine tips and any other information that will make them happier and safer. In practice, say travel experts, too few companies take these measures.

But the virtuous circle is not yet complete. ACE director for the EMEA regions Stéphane Baj says travellers should be debriefed when they return to base because they have acquired on-the-ground information that will be useful in future trips. »

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## There is nothing like local knowledge

I have seen several significant and profound changes in the fast-moving world of business travel. None more so than in the provision of medical services, not just in higher-risk regions, but also in most countries that business people visit. As the quality – and price – of healthcare has changed dramatically, sometimes for the worse, there is a clear need for more detailed country and city-wide information on medical services.

Business travellers may now actually be less likely to find good hospitals in parts of Africa than they would have in the 1990s. That's because foreign businesses such as oil and gas companies often subsidised local governments in the provision and staffing of up-to-date facilities – but now they prefer to build hospitals within their own compounds. As a result, in countries such as Niger there is no public hospital infrastructure and in other sub-Saharan countries it can be patchy.

But this is a broad issue. More complete healthcare intelligence is needed in other regions, such as Asia. In Jakarta, Indonesia, for example, you can find the best and worst healthcare. It is therefore vital companies know which is which. Even in the US where medical services are usually of a high quality, the variation in costs is wide. In one hospital it may cost 40% more to fix a broken leg, for example, than in another. Elsewhere in the Americas these issues remain just as pronounced.

Faced with such a dauntingly vast array of choices, companies are obliged in their own and their employees' interests to be sure they have identified the most suitable healthcare facility, whether for illness or injury. In a world of increasingly exotic business travel destinations and an ever more complex global regulatory environment, they also need to ensure that the insurance solutions they put in place will actually perform – and, of course, compliantly pay out claims – when they are needed most. Working with an insurer that has an intimate knowledge and partnership with a high-quality medical assistance company is key.

Perhaps most important is how fast-moving the security situation is becoming. The risks of mishaps or 'events' occurring are changing all the time, in terms of location as well as in nature. Clients should therefore ensure that their insurance programmes provide cover for their staff when they face security risks and evacuation – not all insurers offer this. For example, the Arab Spring has forced a general reassessment of places such as Damascus that were considered safe only a short while ago. The vital lesson is that security issues can arise almost anywhere – and at short notice – but with the expertise and insurance that is available today a company can be better prepared than ever.



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Stéphane Baj, regional  
director of A&H corporate and  
affinity, EMEA

» “Companies should also make sure they identify employees who require particular care because of the [higher-risk] nature of their work,” adds Baj.

### Scale of risk

To help the companies themselves understand the situation, security consultants typically rate countries and cities on a simple scale often running from one (as safe as you are likely to find anywhere) to five (an active war zone). Another point to remember is the variation in risks between cities, even in the same country, is often huge. For example, iJET's regional analyst for Africa Jay Dunne assesses Nigeria's most populous city Lagos as a “steady four” because of a rising likelihood of kidnapping, and the capital Abuja as a “high three to four” because of lower-end criminal activity. (Two UK business people were seized in Nigeria in the past few months.)

It is crucial that companies ensure that the business travel cover they have in place addresses such security situations.

Further, the level – and nature – of risk is in more or less constant flux in the more volatile regions. For many Africa experts such as Dunne, September's terrorist attack on the Westgate shopping centre in Nairobi, Kenya confirms what they feared – namely, that Al Qaeda-linked terrorist operatives are increasingly active. “We can expect a lot of alerts on soft targets in major cities in countries like Kenya, Uganda, Tanzania and Djibouti,” he says.

Given such uncertainties, the main obligations on companies arise when an employee steps off the aircraft. Instead of abandoning them to their own resources, as was often the case, companies increasingly employ security firms and other specialist services as back-up. Using highly sophisticated GPS and other systems, these firms are able to locate individuals within seconds in the event of an emergency. Some, such as iJET's Worldcue system, issue travellers with special mobile phone apps they can use to alert staff manning 24/7 operations centres if they are in trouble.

Best-practice companies are also engaging consultants to measure their own travel management systems on scales that run in inverse ratio to country-rating systems. Thus, a five-rated company is effectively gold standard in terms of looking after its offshore people.

### Peripatetic policies

But an insurance policy is of little use if it cannot pay out. If a Beijing-based employee of, say, a European company is compensated for hospital treatment while travelling within his own country or for losing a laptop, the payment is likely to raise important compliance issues with local authorities. Tax officials may want to know why a foreign firm is putting money into a citizen's bank account. Corruption watchdogs may come asking questions about bribery. And the central bank may ring about money laundering.

Thus, while the premiums on travel insurance may be low, the financial and compliance risks are often disproportionately high in an increasingly regulated world.

The only solution is to design a multinational insurance programme that performs in all jurisdictions. “Companies take a big risk by not being compliant in all countries,” warns Baj. **SR**

### How to stay out of trouble

- Don't look conspicuous – lots of bling, expensive luggage and watches, corporate logos on clothing, flash cars, is asking for attention and trouble
- The internet is NOT a reliable source of information about a country
- Generally, don't drink in bars and clubs that are off the beaten track unless you have been around a city long enough to know what you are doing
- Keep to yourself the nature of your project, your travel plans and other revealing information
- Try not to bring an arsenal of electronic devices with you. The more you take, the more vulnerable is the company's intellectual property and the more exposed you are to identity theft
- If in areas of high health risks, keep taking the pills the company doctor gave you