

## **Risk and Insurance for Missions, Relief and Development Organizations**

### *Introduction*

Dorothy's famous observation to Toto "I've a feeling we're not in Kansas anymore" often sums up the initial reaction of those experiencing the Third World for the very first time. In North America we live in a bubble of relative economic stability, social peace and the rule of law; an existence that is unheard of in most of the developing world. Global travel can be an exciting opportunity filled with adventure and life changing experiences. For those who serve as directors, employees, missionaries and volunteers for relief and development organizations, it can be even more rewarding to have the opportunity to put Christian faith into action by spreading the gospel and doing charitable work in societies that face chronic civil unrest, crop failures, famine and health epidemics.

The usual rules don't apply outside the North American continent, particularly in Third World countries, and insurance is no exception. Whether you are a large relief and development organization operating throughout the world, or a small local church congregation with a modest foreign missions budget and individuals who want to give of their time and talents in short-term mission projects, it is important to clearly understand and address the risks to your organization, personnel and property. This article will introduce you to some of the basic risk categories associated with relief and development work outside of Canada and the United States, including tips on what kinds of insurance protection are available.

### *Property Risk*

Although most Canadian charities do not own real property internationally, it is important to remember that if your organization is involved in constructing or purchasing buildings, most domestic insurance companies will not usually cover real property outside of Canada. Depending on the legal protection of property rights in the country where you are operating, fire insurance and other physical damage coverage may be available. However it is best to check with your insurance agent or broker in Canada first, as some insurers will be agreeable to insuring foreign property risk under certain conditions. There are also North American insurers with international subsidiaries who specialize in global property risk and are capable of underwriting and insuring damage to infrastructure and other special projects, such as dams, irrigation and hydroelectric facilities.

The primary property risk facing most Canadian charitable organizations is loss or damage to equipment transported temporarily overseas on short-term mission trips by employees or volunteers, including such items as computer, video, telecommunications, medical, dental, engineering and construction equipment. Most North American insurance companies offer policies to cover contents kept at the owner's property and will often include extensions for items taken off premises to temporary locations, or while in transit between various locations. However unlike a Homeowner's policy which usually automatically includes a specified amount of coverage for personal contents taken on vacation outside of Canada, the extensions in a Commercial or Institutional policy generally restrict coverage for equipment to within Canada and the continental United States.

If your organization owns or rents equipment that is used in relief and development work, or is taken temporarily on the mission field, it is possible to obtain optional physical damage insurance coverage through a "Worldwide Property Floater". A description of the items to be covered (including manufacturer, model, serial number and value) must be provided to the insurance company in advance. Although this coverage is restricted in certain countries and is often more expensive than regular domestic coverage, it can be an effective way to address the potential financial loss of valuable equipment and it is best to check with your insurance provider in advance regarding coverage availability and cost.

### *Liability Risk*

An often overlooked insurance coverage question is whether your organization's policy covers sponsored programs, activities and events that take place outside of Canada. Most insurance policies issued by domestic insurers contain a policy territory restriction that limits coverage only to claims that occur within Canada and the United States, or a limitation that provides worldwide coverage for employees temporarily outside Canada while acting within the scope of their duties. However it is preferable to obtain a General Liability policy that contains coverage with a full worldwide policy territory for any of your organization's temporary or permanent operations outside Canada. The primary risk is for liability actions brought against your organization in a Canadian or U.S. civil court, even though the accident or injury took place elsewhere. The reason for this is that much of the rest of the world, especially Third World countries, have little or no civil liability system, and in any event, the potential awards available in North American courts are substantial.

Another concern for churches and charities that send employees and volunteers around the world is the possibility of death or injury of passengers in a motor vehicle. Insurance coverage and licensing for "owned" vehicles in most foreign countries must be arranged either through the local government or through private insurers operating in that jurisdiction. The level of coverage, if available at all, can vary widely.

Coverage for private or “non-owned” vehicles used on behalf of a business or organization can be covered with a Non-Owned Automobile Liability Policy, often as part of a General Liability Policy. However the standard Non-Owned Auto Policy only covers accidents taking place within Canada and the United States, whether or not the General Liability Policy has a full worldwide policy territory. Coverage for non-owned vehicles outside Canada is only available by purchasing a separate Umbrella Liability Insurance Policy, assuming there are no territorial restrictions or non-owned auto exclusions. Although umbrella policies are primarily used to provide excess coverage limits, they also have the advantage of a drop-down feature that can cover risks not insured in an underlying General Liability policy, such as non-owned vehicles outside of Canada and the United States.

The subject of abuse claims is an important one for churches and missions organizations and is evidenced by the fact that the percentage of children’s and youth serving ministries in Canada who have abuse prevention plans has grown from less than 5% in 1995 to over 70% today. There are only a handful of insurance companies in Canada that provide abuse liability coverage for charitable organizations and although it is possible for relief and development organizations to qualify for this type of insurance protection if they have an acceptable prevention plans in place, they are not eligible if they own, operate or manage orphanages and other residential care facilities around the world. The simple reason is that it is virtually impossible to impose the same level of worker screening and prevention procedures in foreign residential care facilities as in Canada.

### *Medical Risk*

There are a wide variety of health concerns that should be addressed when contemplating short-term or long-term travel or residency outside of Canada, including:

- 1) Check with Health Canada and the Foreign Affairs departments to find out about infectious or tropical diseases (e.g. Malaria, Hepatitis C, etc.) and other health concerns that may need to be addressed through inoculations and other procedures prior to departure.
- 2) Carefully screen missionary candidates, work teams and other short-term missions volunteers for pre-existing medical conditions and food and medical allergies to avoid placing individuals in potentially life threatening medical emergencies in locations where there is limited health care available. This can be done through an application process that asks these questions and also requires informed consent from the applicant with respect to the dangers of travel to the proposed destination, along with a release of interest and waiver of legal liability against the organization and its directors and representatives.

In addition to the worldwide liability protection that should be carried by organizations operating outside of Canada to protect against legal liability suits arising out of catastrophic bodily injury, disease or death, it is also important to arrange individual travel insurance for all participants traveling abroad in sponsored activities. Out of country (and out of province) medical expenses incurred by travelers are often not covered, or are severely limited, by provincial health insurance plans. The cost of traumatic injuries, heart attacks and strokes can involve significant uninsured medical, emergency evacuation and repatriation expenses that can place a heavy financial strain on the families of injured persons and the survivors of deceased family members. This burden can also cause those affected to be placed in the unwanted position of resorting to legal action against the organization and its leaders to avoid bankruptcy or financial hardship by recovering these costs through civil damage awards or settlements.

To avoid this situation it is important to insist on mandatory travel insurance for all representatives and participants in your sponsored out of country operations. This can be done by having participants give proof of their own individual coverage, or by coordinating protection centrally through the same travel insurer for ease of administration and to ensure that coverage is adequate and equal for all participants. Travel coverage is available through Blue Cross, TIC and many other insurers who specialize in out of country protection.

### *Security Risk*

It is unfortunate but true that there are increasing risks associated with relief, development and short term missions work in many parts of the world. At one time personal security was only the concern for senior ranking political figures and the executives of multinational corporations. However in the past decade even the directors and aid workers of non-profit organizations (NGO's) have been targeted by insurgency groups and gangs for political purposes or monetary gain through ransom demands. Although much of the world's attention is focused on obvious trouble spots such as Afghanistan and Iraq, the threat of kidnap, ransom and extortion is prevalent throughout much of Africa and parts of Latin America. And this risk is found in both remote rural areas and in the highly urbanized areas of first and second world countries. According to the Clayton Report, one of the leading reporting organizations for personal risk, large cities such as Mexico City, Sao Paulo, Johannesburg and Moscow are major trouble spots for kidnapping.

Insurance protection is available through a handful of specialty companies in the United States and Canada for kidnap, ransom, hijack, wrongful detention, extortion, consultant costs and related expenses. The premiums are based on the limit of coverage desired for ransom indemnity, the number of persons to be insured and the location of operations.

Nonprofits and charities typically have two concerns about purchasing Kidnap and Ransom (K & R) Insurance:

1) A religious and philosophical objection to paying ransom in certain situations. This concern can often be alleviated by the understanding that the organization does not have to pay a ransom if they choose not to. A consultant will respond to an incident and provide advice to the client based on his experience. The client organization is the final decision maker and can choose to accept or not accept the advice. Additionally, consultants are often successful in assisting nonprofit clients negotiate a release with no ransom paid. Also, “ransom” is not always bags of cash as portrayed in movies. Ransom can be monies or services that can be used for types of work that the client organization was going to do anyway, such as building wells, school, medical clinics, etc. The insurance policy proceeds can be used to reimburse the client for the additional costs of these services.

2) Nonprofit organizations sometimes believe that purchasing a K & R policy will make them more at risk as a target for an incident. This is completely untrue. First of all, very few people in the organization should even know about the coverage. Great care is taken by both insurance organizations and client organizations to keep the existence and details of coverage confidential. Secondly, criminals will kidnap for money with no thought whatsoever to insurance. Bad guys don’t care whether or not an organization or family has insurance – they will get their money. The perception, rightly or wrongly, is that foreigners from First World countries are wealthy and are legitimate targets.

### *Political Risk*

One of the most important responsibilities for charities operating outside of Canada, whether on a permanent basis or sending short-term missions teams, is to demonstrate due diligence in ensuring the safety of employees and volunteers. Although it is virtually impossible to guarantee safety in an every changing world, there are at least two ways in which you can reduce the risk of harm to your representatives abroad.

The first is to check with the Canadian Foreign Affairs and International Trade department for travel reports and warnings for any proposed trips abroad. Their website contains valuable information on safety and security, civil unrest, local laws and customs, entry requirements, health conditions and infectious disease, and other important travel concerns. Countries with an asterisk (\*) are currently subject to a Travel Warning, indicating that Canadians should either avoid non-essential travel to the country or specific regions of the country, or avoid all travel to the country or specified regions of the country. Failure to do so could result in undue legal liability in the event of death or injury to a participant and may impact health and trip cancellation insurance. Many organizations will also check with the U.S. State Department as well to access their research, advisories and warnings regarding travel throughout the world.

Another way to reduce both personal and security risk is to partner with local nationals or other international charities or agencies who are already operating in the area, and who have experienced personnel who can guide your organization and representatives while traveling in working in their area.

### *Conclusion*

Although this is not a complete summary of risks and insurance considerations, we hope that it has provided your organization and leaders with some practical guidance and tips in eliminating, reducing and transferring the risk associated with missions, relief and development operations outside of Canada. For more information on the CCCC Group General Insurance Plan, the premium discounts available for member organizations and the special coverage features for relief and development organizations, please contact Robertson Hall Insurance.