

## **United States Insurance Companies: Domestic General Liability and E&O Coverage Does Not Cover International or Overseas Operations**

Private investigators with international operations have become increasingly common in recent years. Overnight delivery, advanced telecommunications and the internet allow even the smallest private investigation agency to conduct business with foreign suppliers and clients. Even though doing business internationally has become easier, it certainly hasn't become less risky for insurance companies.

International operations lead to a wide array of risk management and insurance claims issues. Private investigation agencies conducting intellectual property investigation, surveillance and other operations with foreign private investigators, subsidiaries and joint ventures are often faced with language barriers, unstable local politics, geographical issues and legal systems that are vastly different from those in the United States. These factors make the process of managing multinational insurance programs enormously complicated. The large number of liability exposures faced by private investigation agencies doing international business also cannot be overlooked. Liability exposures are particularly challenging since laws and legal systems vary widely.

Most private investigators / consultants based in the United States understand the legal exposures they face here at home. However, they can encounter a myriad of unfamiliar laws, languages and customs when their businesses venture into other countries. Domestic General Liability and E&O policies only offer coverage for lawsuits brought within the United States borders. For example, 1099 subcontractors hired in foreign countries would not be covered under your policy with First Mercury Insurance Company. It is even questionable whether owners or employees traveling to a foreign country to conduct an investigation would be covered since the policy specifically covers "United States Territories", leaving foreign operations as a significant potential exposure.

### **Definition of Coverage "Territory"**

- 1) The United States of America (including its territories and possessions), Puerto Rico and Canada;
- 2) International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
- 3) All parts of the world if:
  - a) The injury or damage arises out of:
    - i) Goods or products made or sold by you in the territory described in **a.** above; or
    - ii) The activities of a person whose home is in the territory described in **a.** above, but is away for a short time on your business; and
  - b) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in **a.** above or in a settlement we agree to.