

# IT cos may seek higher life cover for overseas staff

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Indian IT and pharma companies with global operations are likely to rush to buy larger terror insurance covers in the wake of repeated global terror attacks.

"The recent attacks in Europe (Brussels and Paris) are compelling Indian companies having offshore operations, including the Pharma and IT sectors, to cover themselves against terror and political risks," said Rajiv Kumar, Head of Operations and Corporate Planning, Universal Sompo General Insurance.

Cover against terrorism is typically offered as an add-on with property insurance, but is also available as a standalone policy.

## Current practice

At present, general insurers provide property insurance from the Indian Market Terrorism Risk Insurance Pool, in Mumbai, which is managed by the Indian domestic reinsurer General Insurance Corporation.

The pool was formed as an initiative by general insurers in April 2002, after terrorism cover was withdrawn by international re-insurers post the 9/11 attack. Industry experts say the size of the domestic terror insurance pool will be expanded to ₹2,000 crore this



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year from the existing capacity of ₹1,500 crore.

Sasikumar Adidamu, Chief Technical Officer (Non-motor), Bajaj Allianz General Insurance, said many corporates are going for larger covers beyond what is covered by the pool of ₹1,500 crore (through foreign reinsurers), to additionally cover personal injuries and third party terrorism liability.

Easwara Narayanan, Chief Operating Officer, Future Generali, said that insured losses were not too big in the recent incidents as casualties were limited and the damage to properties was not extensive.

A recent newsletter by international specialty broker JLT pointed out that there is a huge disparity between the high economic impacts of recent attacks and the decrease

ing amount being covered by insurance. The report said insurers need to focus on protecting against a range of impacts that reflect today's terrorism environment and create new products that provide comprehensive protection against all risks, including property damage; business interruption; impact on people; non-physical damage; business interruption; cyber (including business interruption and cyber extortion); and damage to brand and reputation.

However, M Ravichandran, President (Insurance), Tata AIG, added that with repeated terror attacks and elevated risk perception, terror insurance premiums are likely to increase in the future.

Some of the companies *BusinessLine* spoke to said

their employees are covered under general, life and health insurance, and not exclusively under terror insurance. An email sent by *BusinessLine* to the top IT firms went unanswered.

## Re-think on policies?

"Companies will be compelled to re-visit their policies towards overseas employees," says Kunal Sen, Senior Vice-President, TeamLease Services. This is an important issue as about 5 lakh employees of the three-million IT workforce are stationed abroad, according to Nasscom.

Often, the insurance cost runs into millions of euros in Europe, according to industry sources. They opine that companies have not considered 'terrorism insurance' due to a couple of reasons.

"It is cheaper to pay compensation instead of insuring an employee," says Kris Lakshminathan, CEO of Headhunters India.

Karthik Subramanian, an employee who frequently goes onsite to Switzerland, said that in some cases, insurance companies in India have to be informed about on overseas assignment so they can activate coverage when they go onsite but was unsure whether this covered terrorism.

Some insurance providers

point out that they have policies that cover these issues without the need for specific activation. Shreeraj Deshpande, Head of Health Insurance, Future Generali India Insurance, said: "In our personal accident as well as health policies, terrorism cover is inbuilt. We do not charge anything extra nor is it an optional cover."

The biggest challenge IT firms face is when they send staff to work in remote places in the European Union.

"Each company will have Expat Management Officers to care of their staff in specific geographies. They keep in touch to ensure their stay safe and comfortable," said BVR Mohan Reddy, Chairman of Nasscom.

The firms take good insurance cover on dynamic premium tariff. The covers are much larger than those offered in India.

Sen of TeamLease Services feels that employers have a duty not to expose their employees to unnecessary risk.

"As terror threats, diseases, natural disasters and other dangers mount, employers must establish detailed plans for ensuring traveling employees' well-being," he said.

*With additional inputs from KV Kurmanath and Venkatesh Ganesh*