

CONTENTS

THE CLAIMS ACT

HOUSEHOLD EFFECTS INSURANCE

AUTOMOBILE INSURANCE

Physical Damage

Liability

PERSONAL LIABILITY INSURANCE

Foreign Comprehensive Personal Liability

International Umbrella

STATESIDE INSURANCE WHILE ON ASSIGNMENT

HEALTH INSURANCE

FLEXIBLE SPENDING ACCOUNTS

LIFE INSURANCE

FEDERAL LONG-TERM CARE INSURANCE

RESOURCES



Chapter 6 INSURANCE

In the Foreign Service community, international moves become a way of life. As part of a transfer, you might need to ship an automobile, which other people will drive to or from a port. Moving companies will pack your belongings, transport them, or place them in storage. Your luggage will disappear into the hands of airline employees. Loss or damage can occur despite care taken in packing and shipping. Therefore, you will benefit from investigating and purchasing adequate insurance.

THE CLAIMS ACT

The U.S. Government does not insure your household effects. However, the Military Personnel and Civilian Employees' Claims Act of 1964 (14 FAM 640) provides some compensation—but *not full coverage*—for loss or damage to personal belongings.

The Claims Act provides a maximum amount of \$100,000 for loss or damage to employees' effects incident to their official service, resulting from acts of violence directed against the United States Government or its representatives in a foreign country or from an authorized evacuation of personnel from a foreign country. The minimum claim per item is \$50, with restrictive upper limits. In addition, the Claims Act offers depreciated rather than replacement value in most cases. For additional clarification, refer to the Table of Maximum Amounts Allowable (14 FAM Exhibit 646.2A).

The Claims Act also states: "Employees are encouraged to carry private insurance against damage to or loss of their personal property. Such insurance is desirable to cover risks specifically excluded or limited by these regulations." **The Department of State strongly urges all employees to obtain private insurance for the full value of personal belongings and household effects.** Some U.S. companies specialize in Foreign Service insurance. Purchase full protection that covers marine/transit losses, contingencies at your foreign post, and effects left in commercial storage warehouses. Most storage companies offer very limited liability coverage. Create a detailed inventory of items in storage and keep it with you, leaving a copy with the State Department's Claims Office.

HOUSEHOLD EFFECTS INSURANCE

Insurance coverage for an overseas move differs greatly from your typical stateside policy. Choose a policy specifically designed to cover the unique aspects of international assignments. Consider coverage for the following types of possessions:

- belongings left in commercial storage
- items shipped by sea, air, and ground transportation
- effects at your residence abroad in case of fire, theft, natural disasters, and so forth
- baggage while you travel within the United States or other countries

“All-Risks” transportation coverage provides broader protection, and “Replacement Cost” coverage assures a non-depreciated claims settlement.

Do not rely on insurance provided by shippers and packers, since such policies may be inadequate, expensive, or simply unavailable. In the event of a loss, it may be difficult to determine which party is fully responsible, resulting in the possible denial of your claim.

Again, it is advisable to complete a full inventory of effects, both transported abroad and left in U.S. commercial storage. This will allow you to file comprehensive claims with your insurance company in the event of a loss.

AUTOMOBILE INSURANCE

Because you ship and drive your automobile overseas, you need to understand the separate components of international automobile insurance. In most cases, you will purchase the following two distinctive areas of coverage separately.

Physical Damage

This includes collision, comprehensive, and marine transit coverage for the automobile. Collision insurance protects your vehicle when driven. Comprehensive insurance provides coverage while the vehicle is parked, including for theft, vandalism, and so forth. Companies may provide both types of coverage un-

der one policy. The Overseas Briefing Center maintains a list of U.S. companies that offer overseas automobile insurance, which is available on the intranet or by e-mail request (FSIOBCInfoCenter@state.gov). Purchasing this coverage in the country where you are located may carry a substantial risk—check with your post of assignment.

Liability

Most posts require that an automobile primary (third party) liability policy be issued in the country in which you are posted. You can buy this directly at post or through U.S. insurance agents or brokers representing overseas companies. Coverage and premiums may vary dramatically. Adequate coverage is highly recommended. If the locally purchased primary automobile liability policy provides inadequate limits of coverage, excess liability coverage (also known as “gap insurance”) is available through U.S. companies.

PERSONAL LIABILITY INSURANCE

Foreign Comprehensive Personal Liability

It is becoming more critical than ever to secure appropriate personal liability insurance. This type of policy covers you if you are legally obligated to pay because of bodily injury and/or property damage to others. This coverage typically includes defense costs and provides protection for you and family members living in the same household.

Known as Foreign Comprehensive Personal Liability, coverage is usually available in conjunction with household effects insurance. This type of policy provides an adequate baseline of coverage when residing abroad, with levels of protection ranging between \$100,000 and \$500,000. Foreign Comprehensive Personal Liability insurance may be purchased through U.S. insurance companies specializing in the needs of Foreign Service members.

International Umbrella

Additional liability insurance protection can be purchased in the form of International Umbrella Insur-

ance, which extends both Foreign Comprehensive Personal Liability and Automobile Liability Insurance. This coverage becomes important for families with young drivers and those who entertain frequently or own pets. Additionally, it protects you against areas that are typically not covered elsewhere, such as libel, slander, defamation of character, and so on.

STATESIDE INSURANCE WHILE ON ASSIGNMENT

When you move abroad, your U.S. insurance policies may need to be changed. For example, when renting your home to others, you must cancel your current homeowner's policy and change it to an appropriate Fire Dwelling Policy, which should also include Owners', Landlords' and Tenants' Liability coverage. Make sure your domestic insurance agent knows about your move and is familiar with the necessary changes in coverage while you are residing abroad.

HEALTH INSURANCE

The Federal Employees Health Benefits Program helps pay for health care for you and your family. When transferring between domestic and overseas assignments, you may need to change your health and life insurance plans. Changes must be made within 31 days before leaving the old post and 60 days after arriving at a new post.

In the U.S., newer options include consumer-driven plans, which provide funds spent at the members' discretion for approved health-related expenses, and high-deductible plans attached to health savings accounts.

To help employees decide between the various options, the State Department has purchased online access to the *Consumer Checkbook Guide to FEHB*. Employees can access this service from Employee Express (on the Internet at www.employeeexpress.gov). Use of Employee Express requires registering for a personal identification number (PIN), which takes approximately a day.

Before going abroad, members of household and visitors should learn what medical services their health insurance will cover overseas. Although many

health insurance companies will pay "customary and reasonable" hospital costs abroad, very few will pay for medical evacuation back to the United States. This can exceed \$75,000, depending on the location and medical condition.

The Social Security Medicare program does not provide coverage for hospital or medical costs outside the U.S.

The Overseas Briefing Center offers a list of supplementary insurance providers (available on the State Department intranet or by e-mail request) or see http://travel.state.gov/travel/tips/health/health_1185.html.

FLEXIBLE SPENDING ACCOUNTS

While not insurance products, flexible spending accounts can help reduce medical and child care expenses by allowing you to use pre-tax dollars to pay for them. A Health Care FSA pays for uncovered or unreimbursed portions of qualified medical costs, while a Dependent Care FSA may be used to pay for the care of children under age 13 or incapable of self-care while you and your spouse work, look for work, or attend school full-time. You may establish flexible spending accounts when hired or during the FEHB Open Season each fall. Benefits may be claimed from January 8 to March 15 of the following year, after which time unused contributions are lost.

LIFE INSURANCE

The Federal Employees Group Life Insurance Program (FEGLI) provides term insurance for the employee, including accident and dismemberment coverage. The insurance builds no cash, loan or paid up or extended insurance equities, nor can it be assigned to anyone before a loss occurs. It is intended as a form of immediate protection against financial hardship or loss in the event of death. Therefore, it is not offered as a form of life insurance with cash values which might be purchased through nongovernment insurance agents.

The Basic Insurance Amount equals the greater of your annual basic pay rounded up to the next \$1,000 plus \$2,000 or \$10,000. If you have Basic

insurance, you have your choice of three types of Optional insurance:

- Option A — standard optional insurance — \$10,000
- Option B — additional optional insurance — one, two, three, four or five times your annual basic pay after rounding up to the next \$1,000
- Option C — coverage for your spouse and eligible children — one, two, three, four or five multiples of coverage. Each multiple is equal to \$5,000 (\$25,000 maximum) for your spouse and \$2,500 (\$12,500 maximum) for each of your eligible dependent children.

FEDERAL LONG-TERM CARE INSURANCE

Long-term care insurance provides services needed by people with chronic illnesses or other conditions that limit their physical or mental abilities. It covers a broad range of health and social services as well as assistance with activities of daily living such as bathing, dressing, eating, and moving from place to place. Long-term care can be provided in the home, in a community setting such as an adult day care center, or in a residential facility such as a nursing home, a board and care home, or an assisted living facility.

The cost of coverage will be based on the person's age on the date the application is received. There is no government contribution and employees will be responsible for the entire premium.

RESOURCES

Foreign Affairs Manual

14 FAM 640 and 650

<http://foia.state.gov/REGS/Search.asp>

Health Insurance

<http://www.opm.gov/insure/health/index.asp>

For information on overseas plans, select "OPM Tool to Compare Plans by ZIP Code" and then click the "Overseas" button.

Medical and health insurance information for members of household and visitors to post

http://travel.state.gov/travel/tips/health/health_1185.html

Flexible Spending Accounts

Internet: www.fsafeds.com

E-mail: FSAFEDS@shps.com

Tel. (toll-free): (877) FSAFEDS (372-3337)

TTY: (800) 952-0450

FEGLI

FEGLI Program Booklet for federal employees (FE 76-21, also available online at <http://www.opm.gov/insure/life/booklet/2004/federal>)

FEGLI handbook (online at <http://www.opm.gov/insure/life/handbook/>)

<http://www.opm.gov/insure/> for Frequently Asked Questions and other information.

Long-Term Care Insurance

(800) 582-3337

<http://www.opm.gov/insure/>

<http://www.ltcfeds.com/>.

Foreign Service Institute Transition Center

(M/FSI/TC)

George P. Shultz National Foreign Affairs Training Center (SA-42)

Washington, DC 20522-4202

Physical location: 4000 Arlington Blvd., Arlington, VA (do not send mail to this address)

Internet: www.state.gov/m/fsi/tc

Intranet: <http://fsi.state.gov/fsi/tc>

Directions, maps, parking and other <http://www.state.gov/m/fsi/tc/c16687.htm>

Overseas Briefing Center (M/FSI/TC/OBC)

Room E2126
Tel: (703) 302-7277
Fax: (703) 302-7452
E-mail: FSIOBCInfoCenter@state.gov

Transition Center Training Division (M/FSI/TC/T)

Foreign Service Life Skills Training
Tel: (703) 302-7268
E-mail: FSITCTraining@state.gov

Related Transition Center Training

Regulations, Allowances and Finances in the Foreign Service Context (MQ 104)
<http://www.state.gov/m/fsi/tc/c6950.htm>

Office of Medical Services (M/MED)

Room L209, SA-1
Columbia Plaza
2401 E Street, NW
Washington, DC 20520
Tel: (202) 663-1611
Intranet: <http://med.state.gov/>
Internet: www.travax.com

Office of Employee Relations (HR/ER)

Room H236, SA-1
Columbia Plaza
2401 E Street, NW
Department of State
Washington, DC 20522-0108
Tel: (202) 261-8166
Fax: (202) 261-8182
Intranet: <http://hrweb.hr.state.gov/er>

Companies Providing Automobile and Household Effects Insurance Overseas

Note: This list is not an endorsement of any individual business. It is for informational purposes only. OBC offers an updated list of insurers on the intranet (<http://fsi.state.gov/fsi/tc/default.asp?id=1156>) and by e-mail request (FSIOBCInfoCenter@state.gov).

AFSA Members

Personal Insurance Plan

(Household effects)
The Hirshorn Company
14 East Highland Avenue
Philadelphia, PA 19118
Tel.: (215) 242-8200
DC Area: (202) 457-0250
Toll-free: (800) 242-8221
Fax: (215) 247-6366
Website: www.hirshorn.com

Clements International

(Transit, automobile, and household effects)
One Thomas Circle N.W
8th Floor
Washington, DC 20005
Tel.: (202) 872-0060 or (800) 872-0067
Fax: (202) 466-9064
E-mail: info@clements.com
Internet: www.clements.com

The Jannette Embassy Plan

Now administered by Clements International
(Automobile insurance, personal effects, transit, personal liability)
One Thomas Circle N.W
8th Floor
Washington, DC 20005
Tel.: (202) 478-6595
(800) 256-5141
Fax: (202) 469-9069
E-mail: jannetteplan@clements.com
Internet: www.jannetteintl.com

GEICO Overseas—

International Insurance Underwriters
(Automobile, marine transit, personal effects)
P.O. Box 7729
Fredericksburg, VA 22404
Tel.: (540) 286-2500
(800) 248-4998
Overseas can call collect
Fax: (703) 579-9046
E-mail: overseas@geico.com
Internet: www.geico.com

HUMCO, INC.

(Marine cargo and automobile)
6777 Moravia Park Drive
Baltimore, MD 21237-1019
Tel.: (410) 485-4000
Fax: (410) 485-1414
Internet: www.humcoinc.com

UNICOVER

(vehicle and personal property, marine insurance,
and foreign effects floater insurance)

UNIRISC

2000 North 14th St., Suite 500
Arlington, VA 22201
Tel.: (703) 797-3300
(800) 424-9500
Fax: (703) 524-7933
E-mail: unicover@unirisc.com
Internet: www.unirisc.com

USAA

(Auto, renter, and household effects)

Those eligible for USAA insurance are active and retired military officers, Foreign Service generalists, specialists, and FBI agents. Children of USAA members are also eligible.

9800 Fredericksburg Road
San Antonio, TX 78288
Tel.: (800) 531-8080
Fax: (800) 531-8877
Internet: www.usaa.com