

## Managing E-Commerce Risks in Foreign Markets

An important factor of business growth is finding new markets for expansion. However, when retailers and wholesalers begin to expand beyond the United Kingdom borders, they are exposed to a new variety of risks and liabilities.

Offering your products and services in a foreign country involves complying with new regulations for how your business must be run. While you may be able to prepare for a certain degree of change, there is always a chance unforeseen issues may arise.

### E-Commerce

Protection from foreign liability is increasingly important today since the Internet makes information more readily available internationally; engaging in e-commerce with customers around the globe has never been easier. This means that more and more companies are pulled into international business without ever having to physically leave the country. It is important to realise that, even though your presence in a foreign country may be confined to a website, you can still be held liable for the way you conduct business.

### Risk in Foreign Markets

A variety of factors increase the risk faced by companies that are involved with e-commerce on a global scale. Most common are differing legal systems that can make the way you successfully do business in one country open you up to legal action in another.

One example of this is the use of comparative advertising. Some countries allow this, while others, like France and Germany, restrict comparative advertising. If you were to use such advertising

techniques on a website that does business with customers in one of those countries, you could be held liable for not complying with their regulations. This is just one of many simple differences in legislation that could form a base for potential legal action.

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When expanding internationally, you must be prepared to change the way you do business, as approaching foreign markets with domestic strategies can expose you to costly legal actions.

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### Reduce Liability

When you consider the number of countries with differing legal systems that have the potential to access a webpage, it becomes abundantly clear that precautions must be taken to reduce unprotected exposures. Fortunately, there are ways to protect yourself from liability as you expand internationally.

*Control where you do business.* Even though your website may be viewable around the world, you do not have to do business with everyone. Specifying what countries you will and will not ship to can protect you from the regulations of countries with which you are unfamiliar. By selecting where you will offer your goods and services, you can give yourself the chance to prepare for differing legal structures.

*Obtain the proper cover.* The insurance that already covers your business may not cover the risks you will

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Provided by Crendon Insurance Brokers Ltd

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face abroad, which means you may have to obtain additional insurance for any international activity. This cover may be added to your existing policy if it is available through your current provider, or it may need to be purchased from a provider that specialises in insuring e-commerce operations. Going with a specialised provider can also provide you with access to a wealth of experience in fighting legal actions brought against companies by foreign courts. Either way, it is important that your provider both covers and is able to handle international legal disputes.

Carefully controlling the markets you enter and obtaining the proper cover to protect yourself from unseen liability is important when venturing into the international realm. You must be prepared to change the way you do business, as approaching foreign markets with the same strategies you use domestically can expose your operation to costly legal actions.