

Business without borders

Learning to play by the new rules

Borders – or, more specifically, the lack of borders – continues to be a topic of debate in the business world. The issue, with all its pros and cons, features regularly on the agenda at major conferences, in leading polls of corporate leaders, and in the international business media. Often the discussion turns to the subject of the complexity of the “new rules” for this increasingly borderless business environment. Without traditional territorial constraints, the regulatory environment has become fraught with risk.

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Although not a new issue, it is one which has not yet found its final resting place, according to responses to the 10th Annual Global Survey of CEOs by PricewaterhouseCoopers. Samuel A DiPiazza Jr, CEO of PWC, notes that the “evolving phenomenon of globalisation” is at a crossroads. He says that CEOs are revisiting their strategies to emphasise collaborative opportunities “not only across boundaries within their own network but externally as well, with strategic partners in both the public and private sectors”.

Clive Tobin, Chief Executive of XL Insurance Operations, observes that

the rise of emerging markets is increasing the need for global support. “With the unprecedented rate of change relating especially to technology and emerging risks, clients need their insurers to help them manage their risks, by having global capabilities and local knowledge,” he says.

The specifics of a business’s local insurance coverage requirements have traditionally been the responsibility of the risk manager and company management. But without on-the-ground expertise, risk management administration in foreign countries can be time-consuming, and subject to its own inherent risks. For this reason, risk managers are increasingly choosing a more centralised approach to handling their global exposures, including a partner with the capacity and capabilities to build and service a strong global insurance program.

“Even smaller companies expect to become global as they grow, and they are looking for a relationship with an insurer that will meet their future needs, as well as today’s,” says Clive.

For insurance companies, the administration of global insurance programs necessitates strong local knowledge and relationships with the local regulatory bodies, works councils, tax authorities

and fronting partners. It also requires local service with access to a worldwide network providing strong underwriting knowledge and expertise in the various jurisdictions, as well as robust global claims management capabilities. In other words, it encompasses thinking and acting both globally and locally.

Clearly, managing policies in multiple countries, ensuring that appropriate coverage meets all local requirements, is a complex task. For the risk manager, access to a global insurance network offers a great resource: insurance professionals who are fully aware of local coverage requirements. A global program structure can also help with policy issuance, currency management and the tracking of payments to the various parties involved.

Hans Mazenauer, XL Insurance Deputy Director of Global Programs and Network Services, believes that to succeed as a global programs provider, the insurance carrier needs to become the strategic partner of its client, the large global corporation. “Time and again we hear from risk managers that they would like to spend less time overseeing the administration of their global programs and more time on risk management and loss control,” says Hans, adding: “That is what insurers are here for, and we must commit to making this



a reality.” An initiative developed recently by XL Insurance, known as “Service Commitment”, is aimed at improving service to the group’s top global program clients. So far the feedback from customers has been positive.

“We have 25 years’ experience writing global programs,” says Don Baker, XL Insurance’s Director of Global Programs. “This experience positions us well to respond to clients’ specific risk management and service needs in an efficient, transparent and compliant manner.”

Licensing and tax compliance have become increasingly important issues for clients expanding globally. This is due to

the greater complexity of national and regional regulations and higher standards of corporate governance, notes Hans Mazenauer. “This is why we have been working extensively to broaden our knowledge of licensing and tax compliance,” he says. “We have gathered information on territories all over the world, enhancing our online country guide tool with information on markets, taxes and licensing, and lines of business in more than 150 countries. It is enabling us to offer improved support to clients and brokers in structuring and implementing global programs, newly launched as XL WorldPass.

“Another key issue for us is the fact that

we can rely on one single global IT platform which has been designed to our specifications to meet the complex administration requirements of our XL WorldPass global programs.”

One thing insurance professionals are in agreement on is that, just like their clients, insurers need to be able to offer both local and global solutions in today’s increasingly borderless world of commerce.



The answer for multinational clients on the move

The marine cargo business stands out as the ideal candidate for a global insurance policy. When your goods are being moved around the globe, the crossing of regulatory boundaries is inevitable.

It was less complex a few years ago, when the transportation business enjoyed a special status, excluding it from certain legal restrictions and tax regulations. That all changed with the European Court of Justice’s Kvaerner Ruling of 2001, requiring insurance premium tax to be paid in the European country where the risks are located. “The increased com-

plexity of this decision sent ripples around the marine cargo business,” recalls René Huber, XL Insurance’s Underwriting Manager of Marine for Continental Europe.

Today, it is the responsibility of the risk manager to ensure that their business is compliant not only with the local law, but also, most importantly, with tax regulations. “The benefit of an insurance partner like XL Insurance is that we have the network to ensure this compliance,” says René. “The penalty of not conforming to increasingly stringent regulations is simply too high a risk.”

Top left: Nigel Bamber (left), Head of Client Relationship Management UK, Maurizio Castelli (right), Sales Director Continental Europe & Asia

Top right: Hans Mazenauer (left), Deputy Director of Global Programs and Network Services, Michel Finschi (right), Business Architecture Consulting
Claims, Sales, Finance