



Multinational Programs – Insurers Perspective

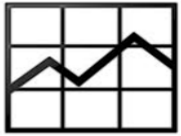
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The Multinational Opportunity, and Need



83% percent of growth in global GDP is expected to occur outside the US over the next 5 years.



In 1990, the UN estimated there were approximately 30,000 multinational companies.

Today, our research shows that number is up nearly 500% to 174,000.



Emerging markets post more than 1/2 of the world's construction revenue.

Current global infrastructure demand is \$4 trillion annually.

In the next 10 years, nearly 2/3 of all construction activity will take place in developing nations to meet that demand.

GDP Grows Mostly Outside the US

Nearly Every Company Is a Multinational

Construction Goes Global



Supply Chain Cost Squeeze

Business Travel

Small Businesses Look Overseas



Global companies continue to seek low cost manufacturing, shifting to more remote and vulnerable locations.



Small companies with fewer than 500 employees comprise the majority (97%) of US exporters.

Over half are manufacturers and wholesalers that generate about 34% of total US exports,



2 out of 3 companies have employees who travel on business.

A pair of hands is shown holding a globe made of colorful beads. The globe is primarily blue, with green and yellow beads forming the continents. The hands are positioned on either side of the globe, with fingers gently gripping it. The background is a blurred outdoor setting.

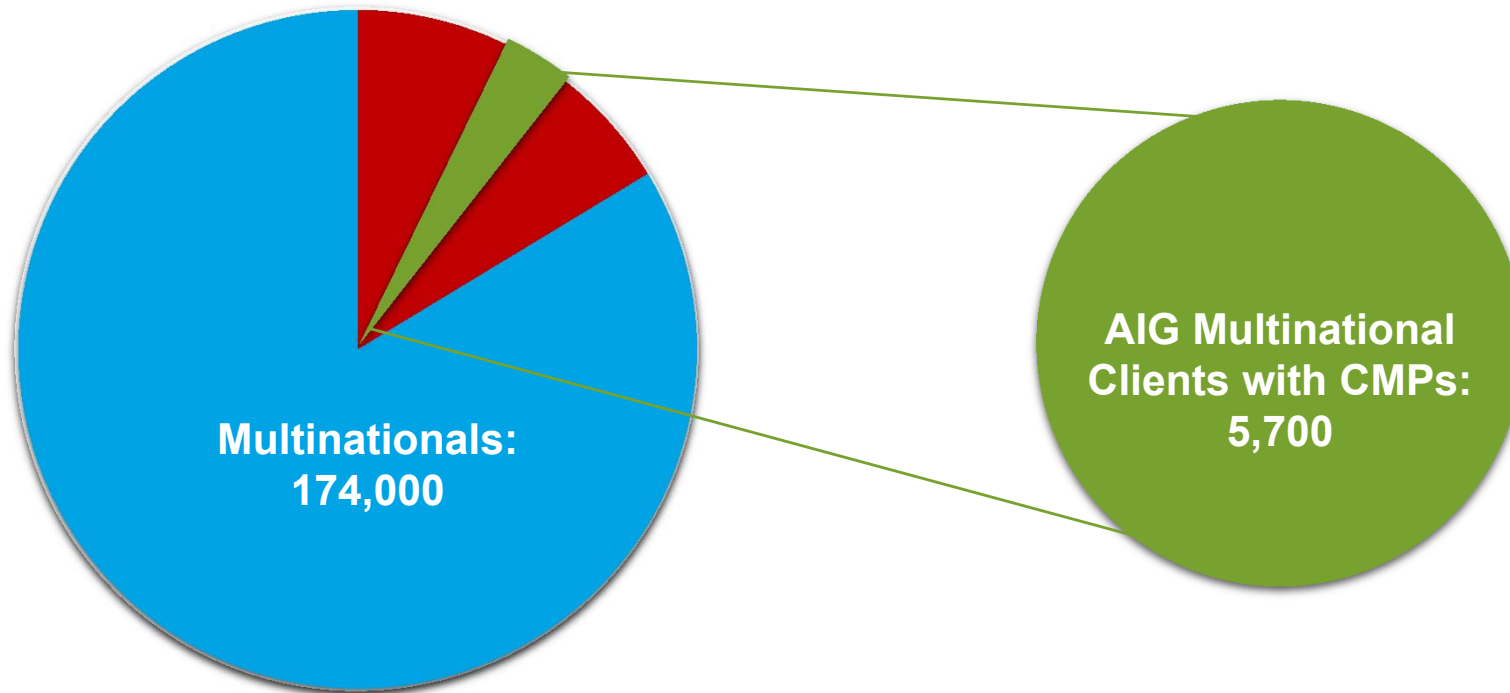
What Is a Multinational Company?

An entity of any size that has assets and/or exposure outside of its home country.



AIG Multinational View

Of the **174,000** multinationals in the universe, AIG has a relationship with **27,500** multinational clients and writes Controlled Master Programs (CMPs) on **5,700** of them.



Sources: D&B global commercial database; AIG Market Research & Analytics



Evolve, as You Grow

There are three types of policy options a multinational company can purchase to insure its exposure in a given country.



Local

Issued by locally licensed carrier.

Insures local offices, operations, assets, directors and officers (D&Os), etc.



Global

Issued by carrier licensed in parent's home country.

Insures parent and its worldwide offices, assets, operations, D&Os, etc.



Controlled Master Program (CMP)

Combines both local policies and a global policy.



Risk Concerns



Greatest concerns to global risk managers:

- Damage to brand or reputation
- Economic slowdown
- Regulatory or legislative change
- Increasing competition
- Failure to attract or retain top talent
- Failure to innovate
- Business interruption

Source: Aon 2015 Global Risk Management survey





Loss or Catastrophe?





Why a Multinational Program?

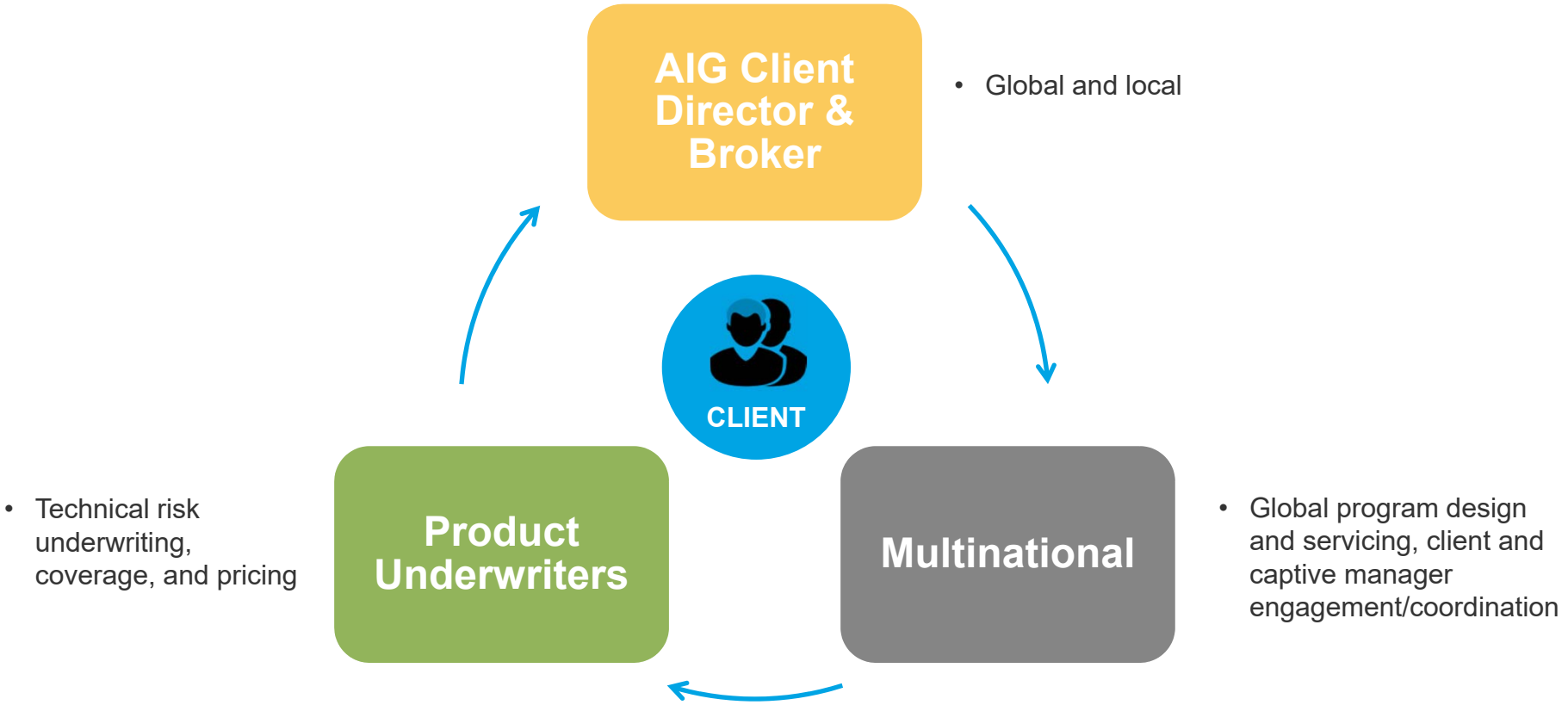
The seven C's to consider:

1. **Control** – a **single program** covering all subsidiaries, all locations
2. **Compliance** – **regulatory** and tax
3. **Coordination** – critical for **efficiency** in execution, particularly post-loss
4. **Cost** – a **coordinated** program often more cost-effective
5. **Consistency** – uniform terms, conditions and service **everywhere**
6. **Certainty** – DIC/DIL assurance over **local policies**
7. **Claims** – an insurer that performs **when, where, and how** you need



Client-Centric Approach to a Complex Discipline

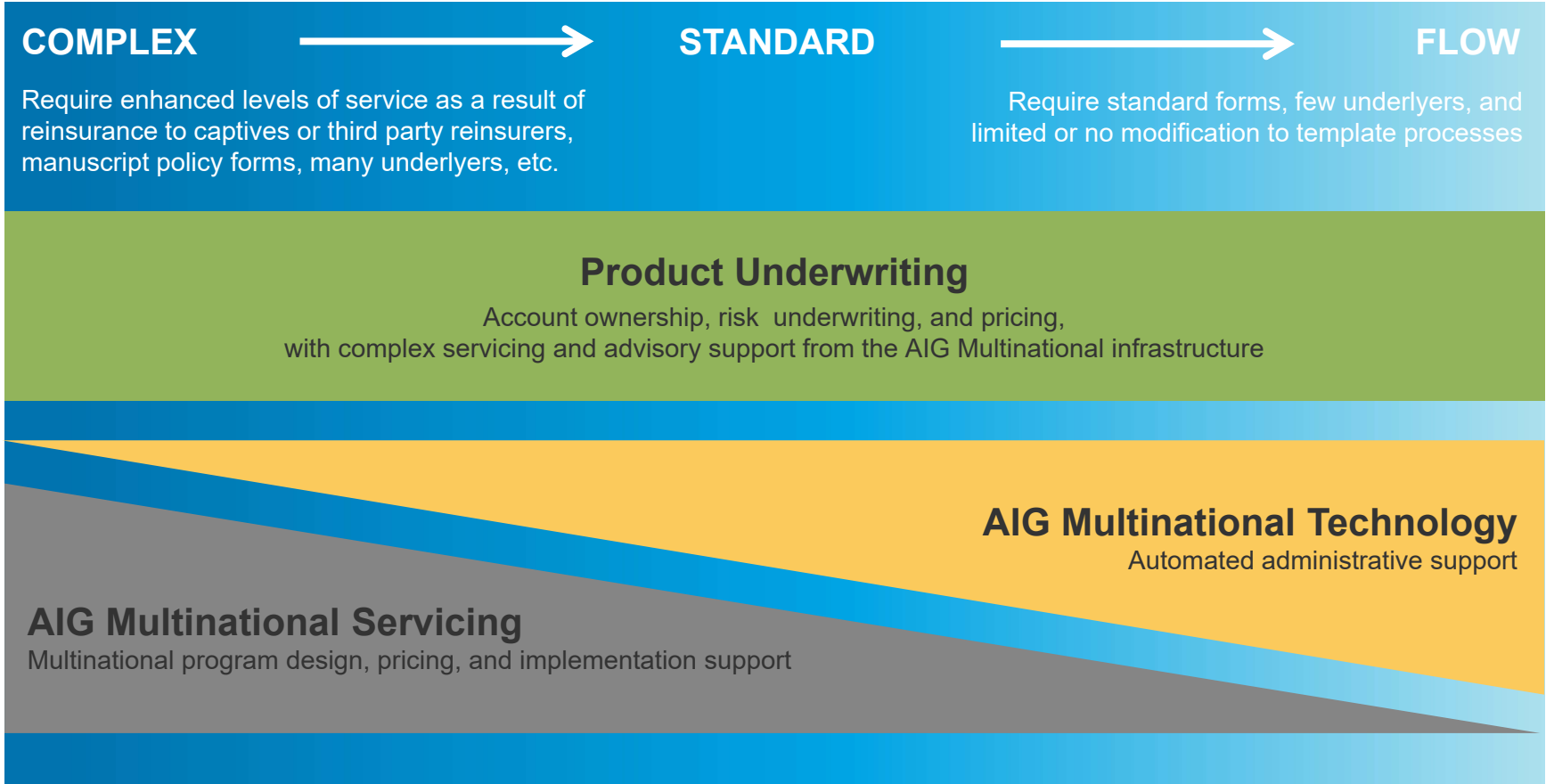
Multinational carrier role is to work in partnership with product underwriters and the broker to better execute and service multinational business.





How Do We Work Together?

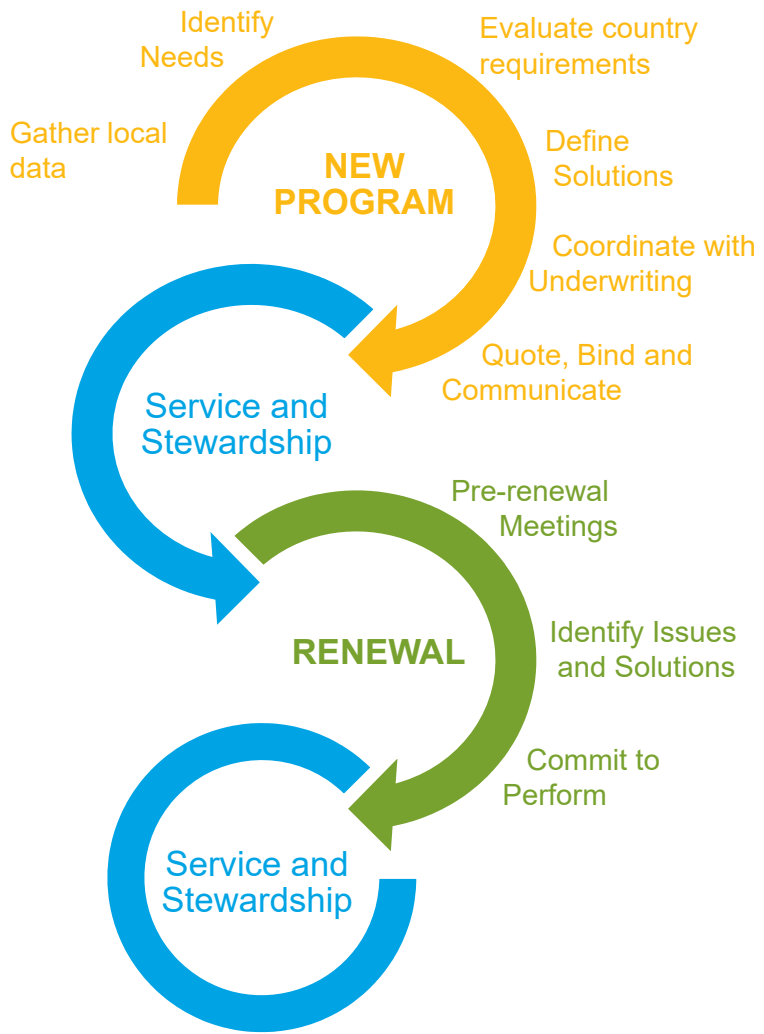
Separating multinational service from technical risk underwriting results in efficient management of multinational business and more consistent, client-focused service.





The Lifecycle of a Multinational Account

Whether it's traditional Risk Transfer, Controlled Master or Global Fronted Programs, the initial creation and renewal cycle hinges on service and coordination with the client and broker.



Multinational Considerations



Key capabilities of an effective multinational carrier:

- Risk appetite
- Local operations in key countries (scale of insurer in local country can be important)
- Admitted and non-admitted policy options
- Fronting capability
- Local, technical claims expertise



Coordinate Delivery Across All Lines





The Ultimate Test...

The ultimate test of any insurance program is that claims are paid.

“Therefore, the ultimate compliance requirement of a multinational insurance program is not that the insurance company is compliant, or that the insured has achieved compliance.

The ultimate test of the insurance policy [or program] is that no difficulties are encountered when claims are made and settled.

These difficulties can arise from incorrect or illegal purchasing of insurance, failure to comply with tax laws or regulatory requirements.”

Source: Compliance of Multinational Insurance Programs Guide, 2015 – AIRMIC





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95 years of operating experience





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