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ACE Progress Report Highlights Trends Affecting Multinational Insurance Programs

A Series of ACE Progress Reports: Critical Research
on Current & Emerging Risk Management Issues

PHILADELPHIA, April 26, 2010 – The ACE Group of insurance and reinsurance companies today announced the availability of a new report about multinational insurance programs. The report outlines the challenges, implications, and risk management considerations that should be taken into account when designing and implementing a compliant multinational insurance program.

“Beyond Non-Admitted: A Closer Look at Trends Affecting Today’s Multinational Insurance Programs,” is authored by Suresh Krishnan, General Counsel, Multinational Client Group, ACE Group. Mr. Krishnan’s report examines the motivations behind purchasing and selling multinational programs, and identifies many of the trends, issues, and inconsistencies in today’s international insurance regulatory environment that affect many of the assumptions behind multinational programs. His commentary is part of ACE Progress ReportsSM, a collection of white papers, articles, and executive reports on current and emerging risk management issues.

In his discussion, Mr. Krishnan provides an overview of the laws of the major countries in which multinational business is regularly conducted. Additionally, he analyzes the current multinational market offerings and how they are affected by current international insurance laws, and how insurance regulatory trends may affect those products in the future. His analysis includes a discussion of the various international regulatory and tax risks that may unknowingly be assumed by buyers, producers, and sellers of multinational insurance. Finally, he concludes by outlining a rational approach to conducting multinational insurance business – by improving the current master policy arrangement so it is flexible and assures seamlessness in an uncertain and complicated regulatory environment.

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“The globalization of the economy and corporations,” observed Mr. Krishnan, “demand the globalization of insurance programs, even though global regulatory regimes have traditionally impeded the development of seamless, marketable insurance structures that might respond to demands from multinational enterprises. This problem of regulatory impedance,” added Mr. Krishnan, “is especially acute when it comes to the insurance of large organizations that seek coverage across national borders.”

Mr. Krishnan commented further on the findings of the report, noting that, efforts are underway to harmonize certain areas of insurance regulation, such as solvency margins and the regulation of control and management. Until there is overall harmonization of international insurance laws, sellers, producers and buyers of multinational programs need to ensure that they are not inadvertently assuming risks under local insurance and tax laws in the various jurisdictions implicated by their programs.

To access the report, please visit: www.aceusa.com/News/Pages/ACEProgressReports.aspx. The material presented in the report is not intended to provide legal or other expert advice. It is presented as information only. Readers should consult legal counsel or other experts, as applicable, with any questions they may have.

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