

Thinking ahead



A snapshot of the big picture

Insurance programmes are often driven by local needs, but to be effective, they need to be coherent globally too. If coverage and savings are on your agenda, it's time for a global review, says **Tracey Clayton**.

As businesses expand internationally, insurance and risk managers take a global view on risk. They want all parts of the group to reflect a consistent philosophy on insurance buying, risk management and insurer security.

However, at the same time, the group must also comply with national insurance regulations that require certain types of cover to be purchased from locally admitted carriers, so business units tend to buy locally.

As a result, local companies frequently duplicate cover that the parent company has already purchased under global policies, or leave unacceptable gaps in coverage and programme limits. There is also room for improvement in the local service provision in terms of the relevance, value for money and the remuneration structure.

So risk managers need to know what insurance their business units across the world are buying locally, and what services they are getting from local brokers, claims handlers or risk engineers.

This level of knowledge is only possible through a global review. These have a number of advantages. They can identify savings through programme rationalisation and elimination of duplication. They can enhance

group protection by revealing differences in coverage and limits. And as the worldwide cost of risk becomes more apparent, the business is better able to make local insurance buying consistent with group policy, risk management discipline and guidelines on insurer security. It is also an opportunity to improve compliance with national insurance regulations, a constantly shifting environment.

Knowing where you stand also allows the organisation to move forwards. Greater visibility and more knowledge of the detail of local insurance highlights how things can be done better and more cost-effectively, for example through developing prioritised actions for global programme evolution and insurance procurement efficiencies. An audit of the quality and relevance of services and service provider remuneration can produce recommendations on an enhanced and more efficient service structure.

Clients sometimes see such a review as useful but not essential. They think it will be

time-consuming and disruptive, so it sits down the list of spending priorities. But in our experience it doesn't have to be a major exercise. It really takes less time than data gathering for renewal, and can be aligned to current data-gathering processes. Once completed, the information can also provide base data for audits or a review cycle of both insurance and service providers.

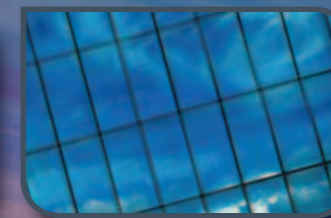
It does need to be done in the right way, though, by a specialist team that is multilingual, familiar with worldwide protection and local insurance programme requirements, and in touch with the ever-changing demands of local programmes.

A global review isn't without its considerations, and it does require a small investment. But the right approach means the savings will justify the efforts.

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“Knowing where you stand allows you to move forwards. Visibility of local detail highlights how things can be done better.”



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