One size does not fit all

More and more companies are becoming active across borders, not just the world's biggest corporations. There is a growing need for multinational insurance programmes to manage cross-border risks. There is a lot to consider when setting up an international insurance programme and there are several important points to consider. In the first of our three-part series, find out what you need to contemplate.

Jeroen den Tex, Major Accounts Segment Leader in Benelux at Chubb, indicates that there is no one-size-fits-all approach when it comes to multinational insurance programs. "There are broadly three options available for business to cover foreign exposures. These range from a stand-alone, non-integrated policy to a fully-fledged global master programme.

Advantages and constraints

Each option has its own advantages and constraints:

- A decentralised approach with one policy issued in each country: the cover matches local needs and market practices but is hard to coordinate and control;
- A global approach with a single policy covering the world: simple to implement but presents challenges around claims and compliance;
- A multinational programme with a master policy and local policies: offers good control and cover consistency but needs coordination between client, broker and insurer. For example, it is important to understand the relationship between the local policies and the master policy, for instance with regards to the local limits in relation to the master limit.

"There is no one size fits all solution with global programmes," says Jeroen. "The coverage should always be tailored to the client's needs and corporate structure. For example, if you try to impose a central programme on a decentralised company, it would have little chance of success. It is important to build the programme around the objectives and limitations of the company" he explains.

Special risks

Despite the challenges, global programmes are growing in popularity according to Jeroen. "Multinationals have been using them for their property and casualty risks for years," he says. "But in recent years, we have seen that specialty risks, such as cyber, terrorism and D&O, are increasingly being covered within multinational programmes. It is not only the world's largest corporations who recognise the benefits of these programmes, he adds, "more and more SMEs are becoming multinational in their activities and are opting for international programmes. It is important for any organisation, multinational or SME, to choose an insurer that has the right network and the resources and expertise to create an optimal global programme."

Get in touch

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This article is the first part in a three-part series of articles about multinational insurance programmes.

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