

## A GLOBAL BROKER NETWORK FOR LOCAL RISKS

### Protecting your balance sheet as you expand

*When you expand to the U.S. to grow your business, likewise your exposure to potential liabilities grows. In addition to the diverse duties and challenges you face when entering your new market, you should also be aware of the risks. Make the effort to protect your investment by considering the local risk management requirements under this foreign jurisdiction. Working with a worldwide broker network helps establish a fully compliant insurance program for your subsidiaries, affiliates and joint ventures that is consistent with insurance and local tax regulations.*



### Is my company properly insured worldwide?

In our global market, compliance with insurance laws has become increasingly diverse and complex. Depending on the country of operation, in a case of non-compliance, your company is exposed not only to financial penalties imposed by regulatory bodies and tax authorities, but to a potential loss of business license or even to the imprisonment of the responsible executives. Monitoring all the ever-changing country-specific regulations from an insurance perspective is certainly a time-consuming responsibility. However, it is equally indispensable in particular for medium-sized businesses with limited financial resources as regulations are only intensifying. A possible interruption of business can be a threatening situation in case the market you are in is highly regulated.

### How does local exposure affect my balance sheet?

With some internationally operating companies, purchasing insurance for the operations abroad is typically left with the local country managers. This means the local policies are insured separately and are possibly non-conforming with the corporate program. This 'patchwork' may be fine as long as you ensure that the local policies interface with the corporate insurance situation from a global perspective – and throughout the year. You want to be sure that the latest investments you made at your production site, for example, in Mexico are included in the local policies, but for language reasons and local practices you have no certainty if the coverage is enough for your business.

It has been our experience that global insurance programs are reviewed to make sure that they adequately reflect the parent company's global risk management philosophy. Corporate management is looking to insure the same insurance standard the parent company enjoys abroad. The main challenges which usually arise are:

- Adequacy of Coverage
- Deductibles and Retentions
- Are the corporate assets protected? Co-insurance vs. replacement values
- Do you carry adequate liability insurance with risk-adequate limits?
- Intercompany risks
- Financial stability of the local carriers
- Is coverage provided under the jurisdiction where a possible claim is brought?\*
- Significant exclusions apply.
- Certain coverages may not be available in some local markets.

We increasingly come across multinationals that are misled to believe they are protected under the policies afforded by the parent company. Such situations might be appropriate if you operate in the European countries and in the U.S. Nevertheless, restrictions apply. The complexity of multinational risks, however, calls for a global approach. From choosing the right insurance carrier with international expertise to corresponding tax implications and the handling of cross-border claims – only a genuine global partner by your side will understand how to manage these risks and keep you constantly up-to-date with comprehensive information on the countries you operate your business in.

A global insurance broker is the key to providing transparency and consistency.

## Glancing at commercial insurance in the U.S.

Your guess is absolutely right; the need for insurance in the U.S. may obviously be bigger than in your country of origin. Again, every opportunity comes with a risk as well as every country has its own practices and its own claim mentality. Requests for proof of insurance upfront are a normal part of negotiations stateside. Don't be surprised if the limit you are required to maintain exceeds the value of the contract by far – or if the coverage is not even applicable at all. Simply put, the less a market may be regulated, the more interaction from your side is required in terms of contract conclusion. One thing is for sure, you will be confronted with those issues in your daily business.

Let us help your business stay protected!

## Check List Compliance

Every multinational should be able to answer the following questions:

- + Does my insurance program respect the local law and compliance regulations in every country?
- + Does my insurance program comply with the national tax regulations?
- + How to deal with claim settlements in the different countries in order not to violate local laws?
- + Has my company taken out all necessary statutory coverage?
- + What other local requirements do I have to meet?

Who we are? unisonBrokers – the largest European-based network of independent insurance brokers with members and partners in more than 130 countries and all significant regions worldwide. Since 2005, we have been headquartered in Hamburg, Germany and this July, we opened our subsidiary in Chicago.

For more information on this topic, or to learn how unisonBrokers can help, please contact our team!

Katja Makedanz | Senior Account Manager  
unisonBrokers Corp. | 200 S Wacker Drive, Suite 3100 | Chicago, IL 60606  
Phone: +1 (312) 6744939 | Mobile: +1 (312) 2370148  
Email: [Katja.Makedanz@unisonBrokers.com](mailto:Katja.Makedanz@unisonBrokers.com) | [www.unisonbrokers.com](http://www.unisonbrokers.com)

