

CONTENT TO BE PUBLISHED SOON



FEELING THE BENEFITS OF HARD WORK

Guido Verheijden, director of Netherlands-based Meijers Insurance Broker tells ADRIAN LADBURY that hard work and transparency are needed from all to make international programmes work as planned

► **BROKERS AND RISK MANAGERS** need to work harder than ever to ensure that the full benefits of centrally managed international programmes are obtained.

The key task of the risk manager is to ensure that the core risk retention and transfer strategy is absolutely clear at the central level, and then effectively communicated to local managers.

This avoids potentially costly misunderstandings and double coverages arranged centrally and locally. If managed well by all parties and such misunderstandings are avoided, however, the risk manager can go a long way towards achieving the mythical three Cs of reduced cost, increased control and greater assurance of compliance.

These are the views of Guido Verheijden, director of Netherlands-based Meijers Insurance Broker, the national representative of Worldwide Broker Network (WBN).

In interview with *Commercial Risk Europe* as part of the annual *Risk Frontiers Europe* survey of leading European risk managers, which is co-sponsored by WBN, Mr Verheijden said there is no replacement for simple hard work in this complex and fast-evolving area.

“International programmes are hard work and need commitment from all stakeholders to achieve their primary objectives, the ‘three Cs’: cost, control and compliance,” he said.

“International programmes bring value to the client by implementing a central risk philosophy and risk transfer strategy for all countries where they operate and by partnering with insurance companies where volume of scale can increase cost effectiveness.

“An important factor for success is determining the client’s central strategy and clear instruction to subsidiaries worldwide. Acceptable retention levels for most subsidiaries, as well as good communication on the goals of the central approach, increase local buy-in,” he continued.

Mr Verheijden said that, in particular, clear instructions on what can be arranged locally on a standalone basis and what is arranged through global programmes prevent “costly misunderstandings” and “double coverages”.

He advised that a professional and effective manual provides “optimal communication flow” between partners throughout the world and gives easy access to procedures. WBN’s own online reporting system – WBN3.0 – supports this transparency and control, pointed out Mr Verheijden.

But it must also not be forgotten that a proactive local approach to the issuance and renewal of local policies, support provided to local business with their insurance questions, and clear and timely claims management and reporting remains absolutely critical, said Mr Verheijden.

REGULATION

But the biggest challenge for risk managers who manage international programmes is of course regulation and fiscal rules, and the uncertainty that so often surrounds this complex area.

“The biggest challenge for international programmes remains complexity of local laws and tax compliance. Through the years, we have observed cyclical movement as to liberalisation of national

and international regulations. Insurance is not the only area where companies face this complexity. In fact, compliance has become one of the top risks mentioned by clients in most risk surveys,” he explained.

And Mr Verheijden does not believe this problem will neatly just evaporate any time soon, so the risk manager clearly needs good local knowledge to cope.

“In addition, interpretation of these regulations is wide and there is a lot of insurer inconsistency both on what is allowed locally and globally, and how to deal with tax. It is complex and time consuming and will, in our opinion, remain on the agenda for years to come. Thus, good knowledge of the local situation, combined with an experienced producing broker and thorough communication, are essential,” he said.

Meijers has long experience of dealing with international programmes and has developed specific concepts such as ‘rest of the world coordination’, ‘gap analyses’ and ‘stewardship reports’ to respond to the specific needs of clients or international broking partners, explained Mr Verheijden.

And, as ever, communication is absolutely critical to make the whole system work, he added.

“Communication and commitment between local brokers and the originating broker also are crucial for success. This should include a pre-agreed code of conduct and standard service-level agreement for all brokers in the network to adhere to, in order to assure that the ‘local’ client is treated the same as the local broker would treat its own clients.

“This results in clear and transparent transactions,” concluded Mr Verheijden.