



Swiss Re

Underwriting Agencies within an increasing regulatory environment

Growing the comfort level





Biography

Career history

1997 – 2003	Alpina Insurance Company
2004 – 2007	Swiss Reinsurance Company, Zurich and London
2007 – 2011	Zurich Insurance Company, Global Corporate
2011	Swiss Reinsurance Company

Specialised expertise

- International Insurance Programs
- Risk Engineering and Loss Prevention Programs
- War and Strike Risks

Interests

- Football
- Traveling and exploring cultures



Marco Merlino

Vice President
Senior Marine
Underwriter



Goal

- Highlight one key risk and how it can be tackled
 - Out of territory risks
- Share a possibility how the overall comfort level can be raised



Introduction

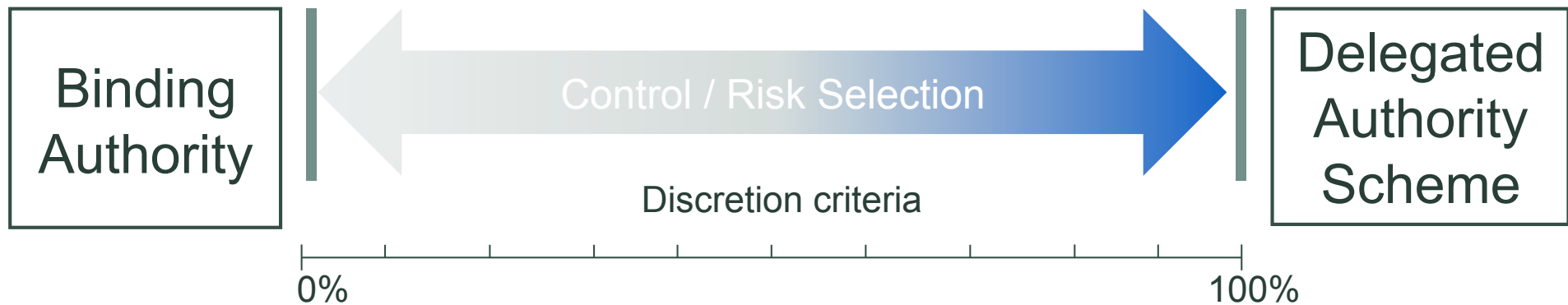
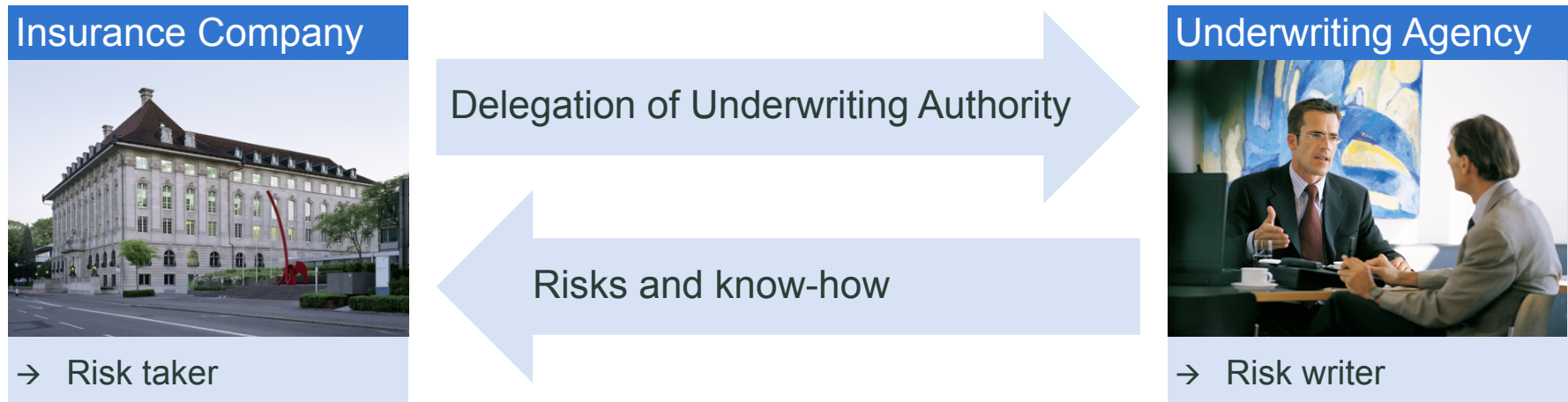
- Regulatory environment
- Types of delegated authorities

Regulatory environment

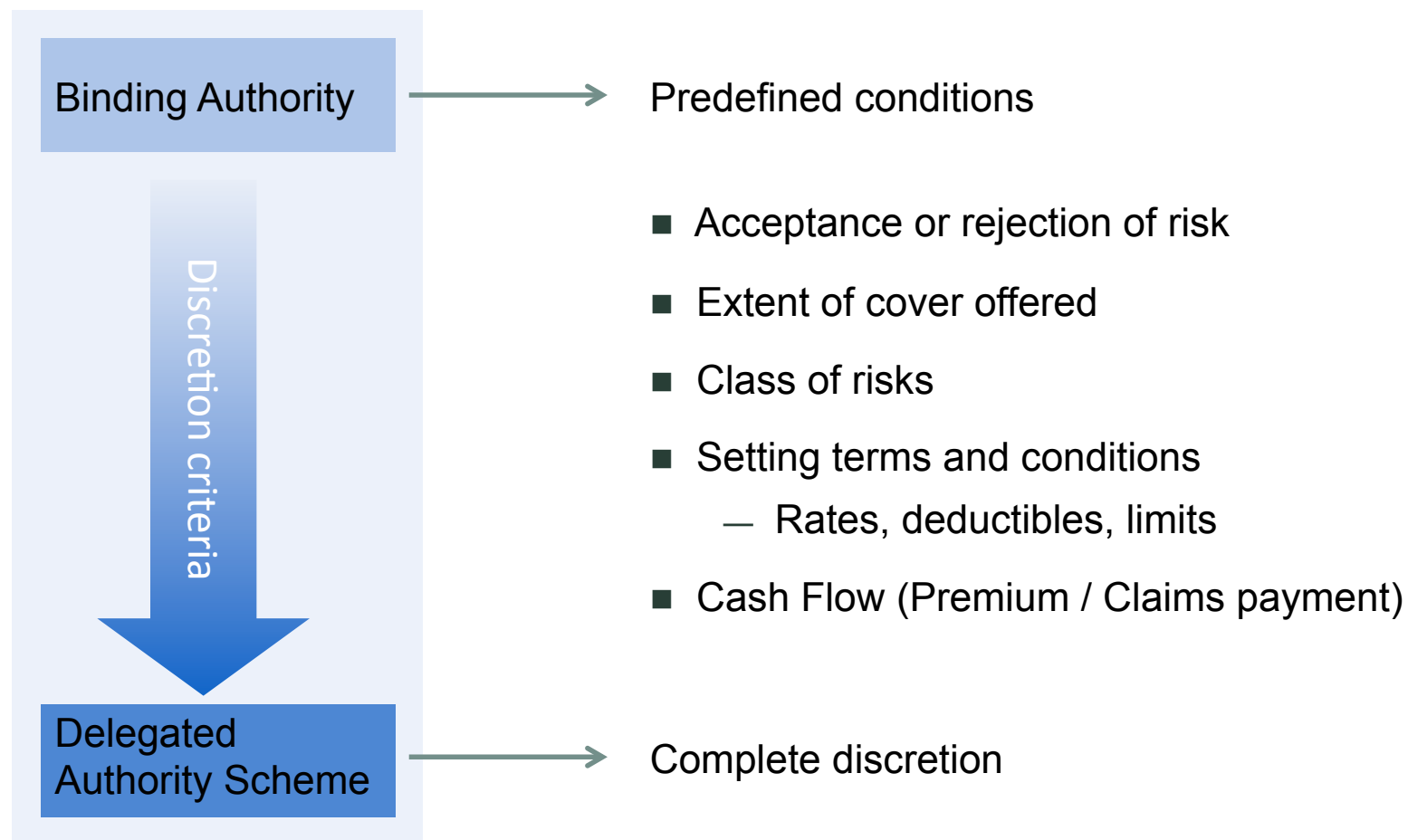


Types of Delegated Underwriting Authorities

Depending on the type of delegation the information need is greater or lower



Discretion criteria





Out of territory risks

- Beware – one key risk



Out of territory risks Definition

Does a country allow non-admitted insurance from abroad?

- Yes
- No
- Under special conditions

Non-admitted definition:

- Policy purchased by an insured from an insurer in another country. This insurer is not licensed in the country where the insured's risk is located.





But it goes further than the information AXCO provides...

Is the Insurance Company abroad permitted to:

- Cash Flow transaction
 - Direct premium and claims payment
- Risk Engineering activities
 - Pre-contract
 - Post-contract
- Loss Adjustment activities

...and it differs between lines and classes of business

Classes within Marine

- Cargo
 - Inland
 - Ocean
- Liability
- Hull
- P&I
- Pleasure craft
 - Hull
 - Liability

Other lines of business

- Property
- Liability
- Motor
- Personal lines
- Specialties
- Others

Possible issues

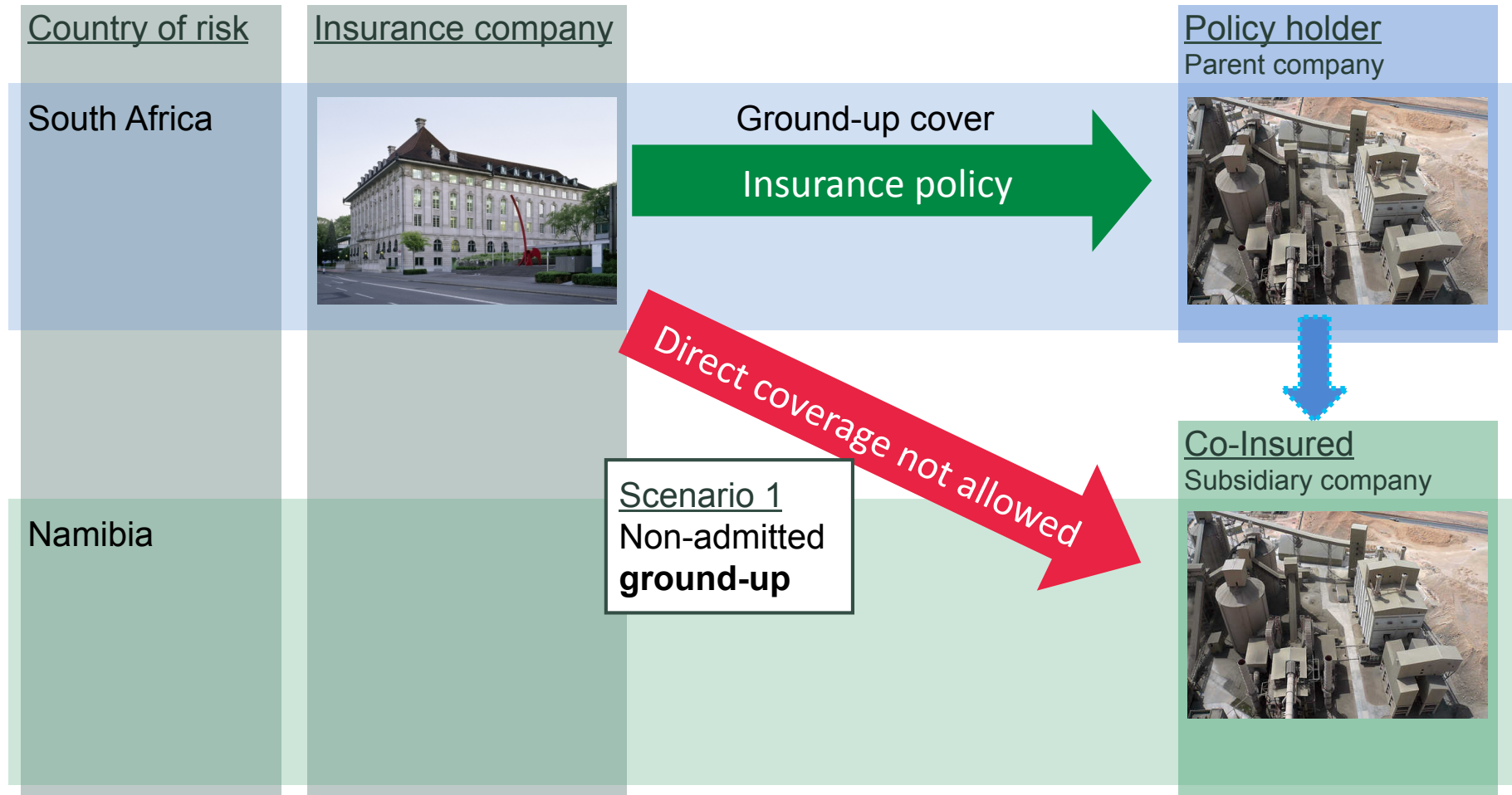
- Tax and licensing issues
 - Penalties, fines
 - Loosing license
- Risk perception and management
- Reputational issues
- Policy / Cover may be declared null and void

Business scenarios

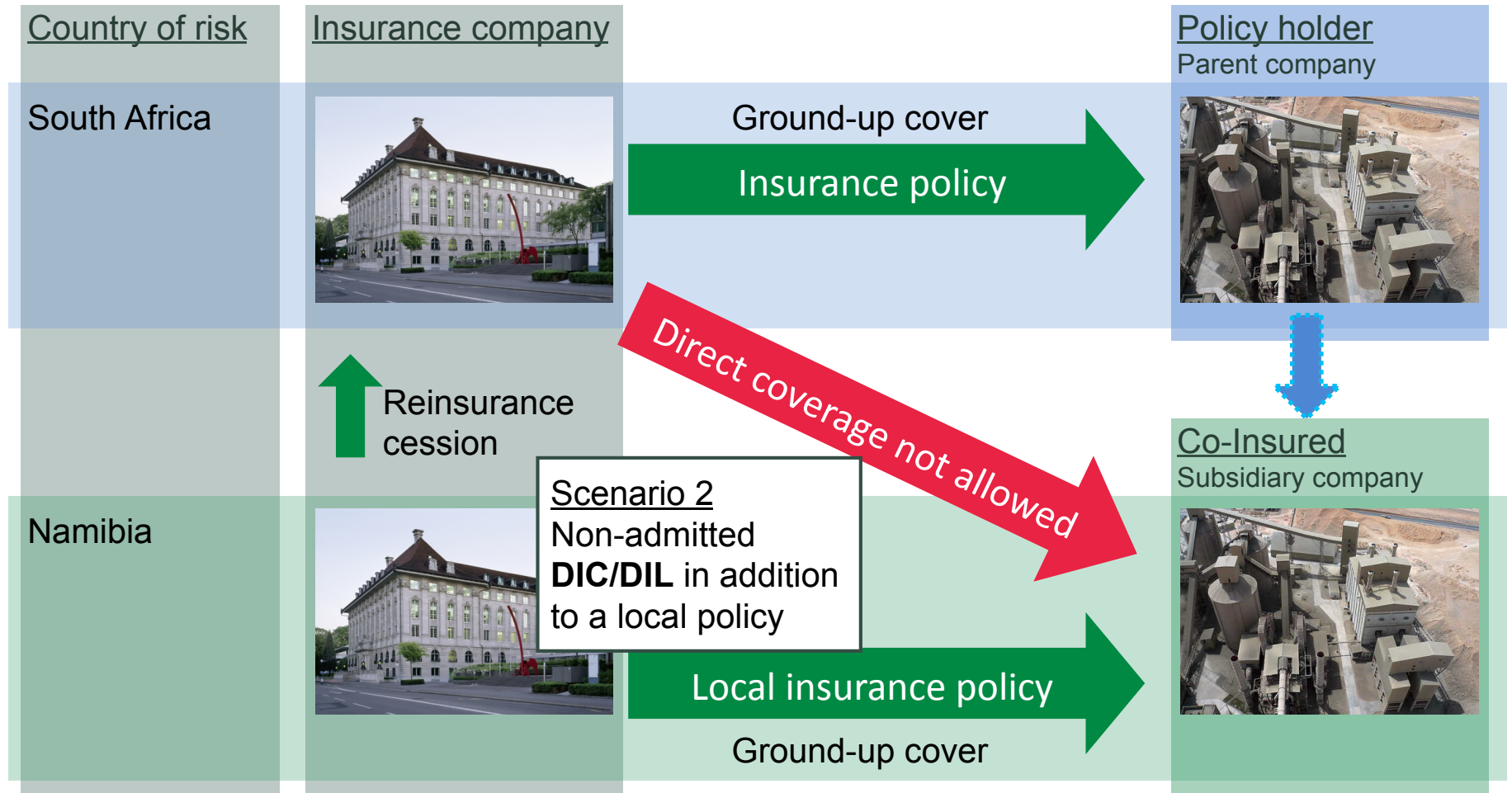
Non-admitted:

1. Ground-up insurance
2. Difference in conditions / limits (DIC/DIL) cover in addition to local ground-up insurance
3. Excess layer insurance on top of primary layer and/or local policy
4. Insurer covering risk in another country
5. Insurer concluding policy with entity located in another country

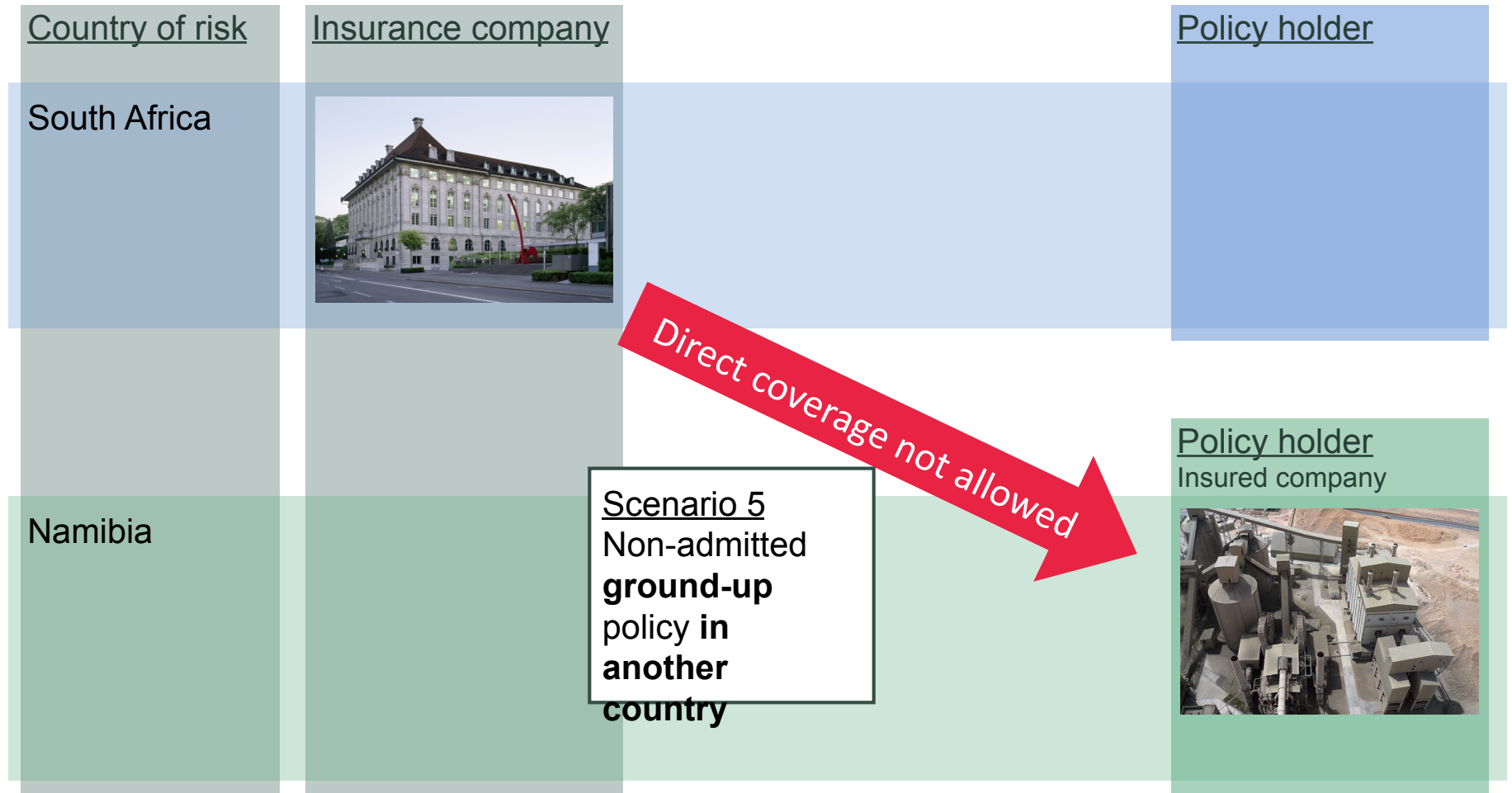
Scenario 1 Non-admitted ground-up



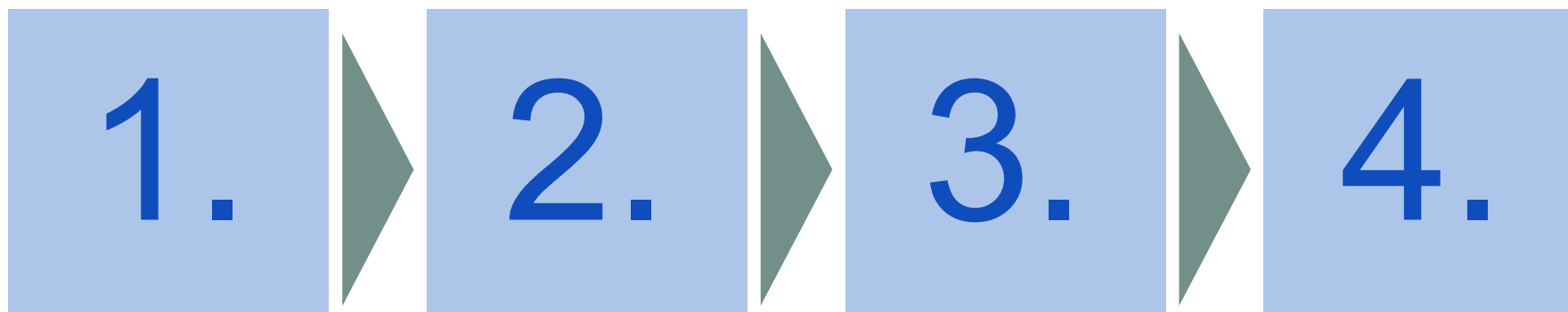
Scenario 2 Non-admitted DIC/DIL (Difference in Conditions/Limits)



Scenario 5 Concluding policy in another country



Solution approach



Define which scenario(s) is/are applicable

Screening of country

- Green (non-admitted allowed)
- Red (non-admitted not allowed)

Structuring the solution

- Ground up cover
- Local policy
- No coverage

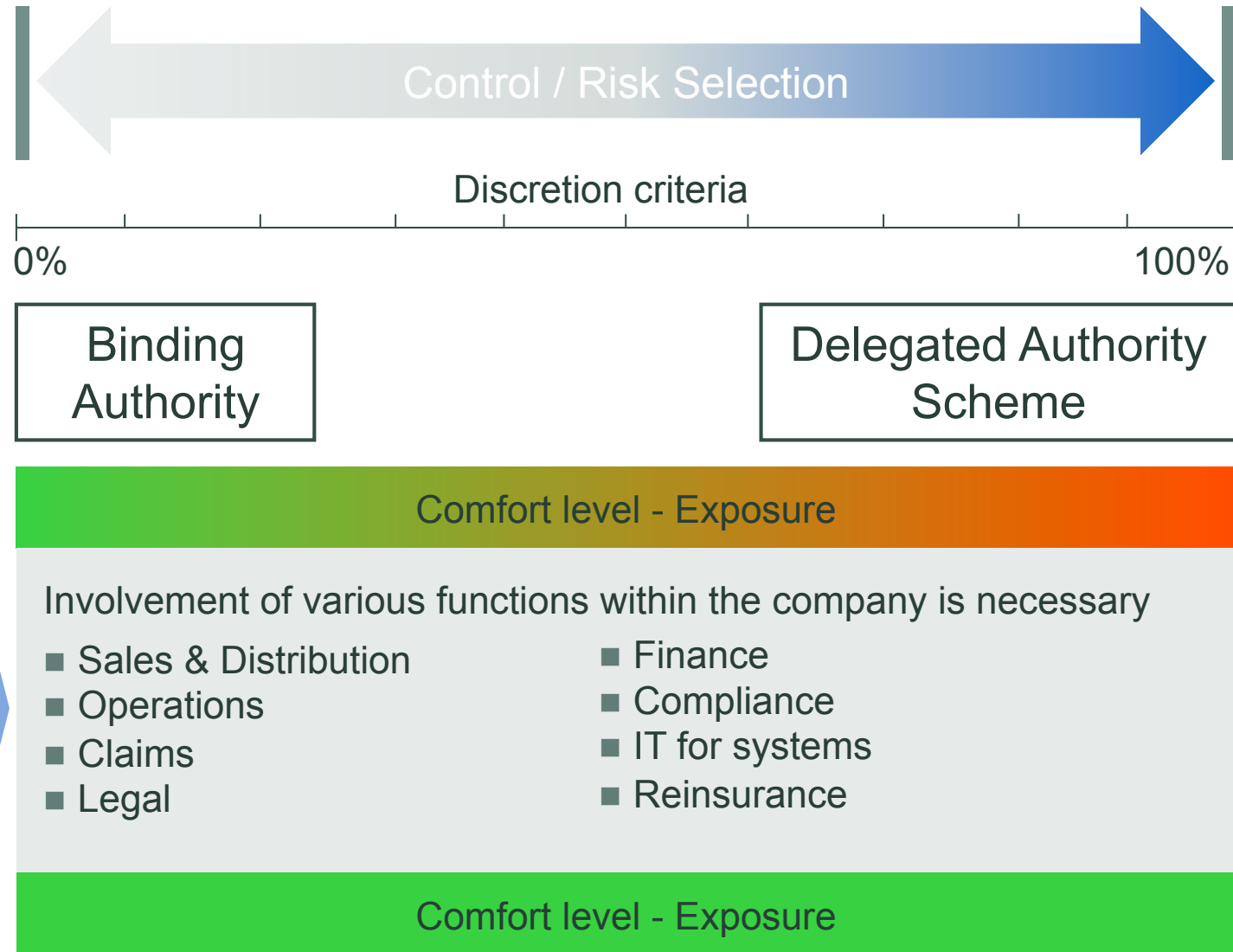
Calculation and payment of local taxes



Operational and control framework

- Helps to increase the comfort level

Comfort level



Minimise the exposures

Managing risks – Operational and Control Framework

General

- Due diligence
- Contractual Agreement
 - Premium collection
 - Renewal procedure
- Monitoring of performance
 - Including remedial actions
 - Timely basis, e.g. quarterly
- Underwriting reviews incl. process
 - Finance, Claims, Compliance, etc.
- How to manage the exit

Underwriting specific

- Level of underwriting and / or binding authority
- UWR Authority Level
- Rates, Rating procedures and tools
- Forms, coverage terms and conditions
- Reporting of UWR information and exposure data
 - When, how and what
- Reinsurance

Advantages

- Structural approach to risks
 - Standardised and predefined procedures
- No mistrust

*“Why do you want now to know this and that?
We have been working since years together....”*
- Solid basis for expansion of businesses



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Conclusions

Success (business model)

Trust and transparency are key for a successful and longstanding relationship and it should be based on a solid ground

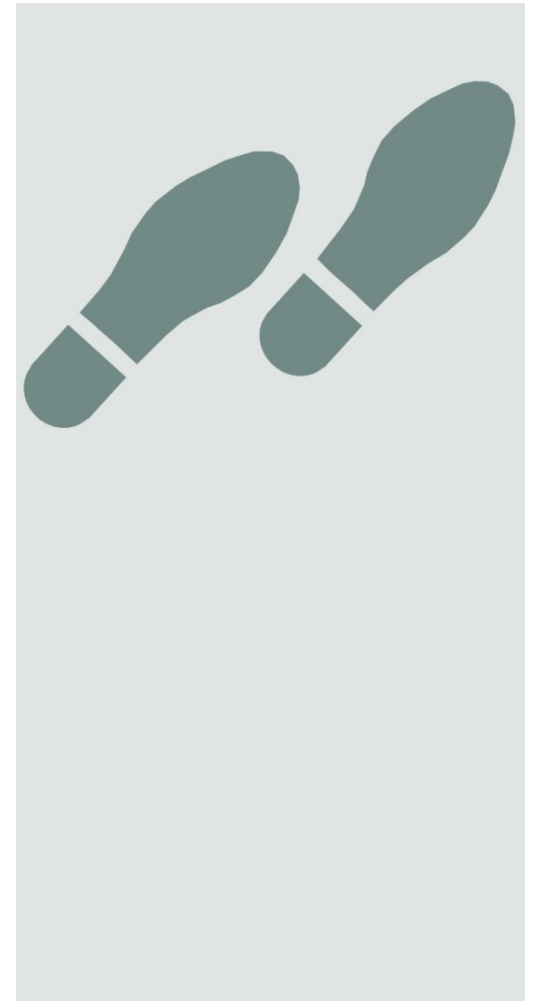
→ Information availability and accessibility is necessary

With the right operational and control framework the exposures will be reduced

→ Increase the comfortable level systematically



Success II



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Thank you

Q & A



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