

**RISK, SOLVENCY & EXCHANGE RATES -  
MOVING MONEY WITHIN A MULTINATIONAL PROGRAMME**

**WORKSHOP C1**

**21st SEPTEMBER 2004**

# MONEYFLOW WITHIN A GLOBAL PROGRAMME

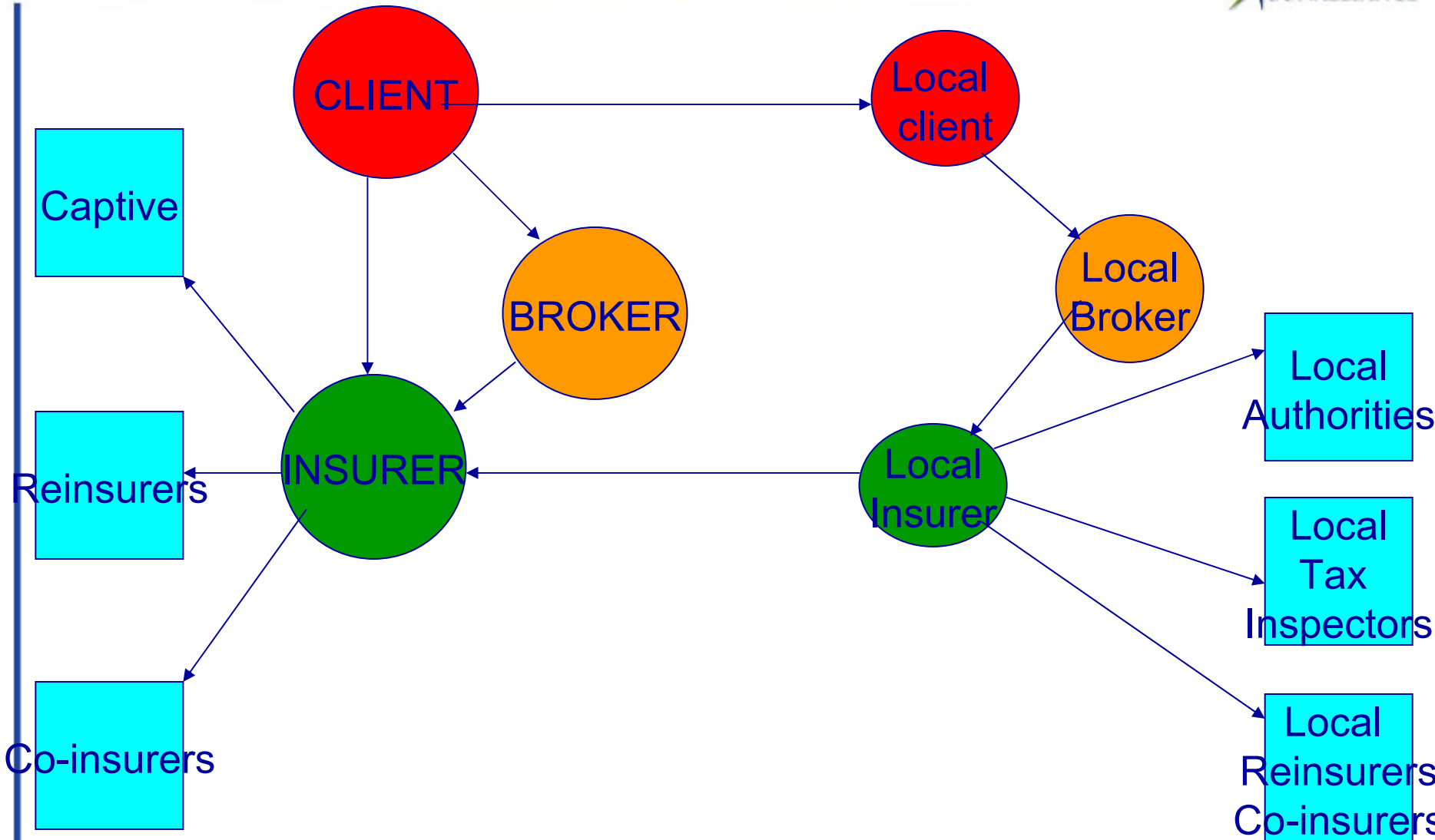


- TYPICAL GLOBAL PROGRAMME - KEY PLAYERS
- RISKS - PROBLEMS & ISSUES
- POSSIBLE SOLUTIONS
- REWARDS

# KEY PLAYERS

- Client
  - Local Client
- Broker
  - Local Broker
- Insurer
  - Local Insurer
  
- Re-insurers
  - Local Authorities
- Co-Insurers
  - Local Tax Inspectors
- Captives
  - Local reinsurers
  - Local co-insurers

# TYPICAL MONEYFLOW



# RISKS - PROBLEMS & ISSUES ( 1 )

- WHERE IS THE MONEY ! SHOW ME THE MONEY!
- PHILOSOPHY OF MAIN CLIENT AND INSURER
- COMPLEXITY OF PROGRAMME STRUCTURE
- CENTRAL COLLECTIONS
- LOCAL MARKET ISSUES - instalments, credit control, currency/ exchange regulations
- LOCAL TAXES & CHARGES - fiscal / parafiscal
- SOLVENCY OF KEY PLAYERS
- PRACTICAL ISSUES- languages, time zones

# RISKS - PROBLEMS & ISSUES ( 2 )

- CURRENCY -programme, local policy,local insurer, main insurer
- EXCHANGE RATES - fixed / system rates
- CLAIMS FUNDING - authority levels,local funding,cash calls
- COSTS - time, resource,preparation, authorisation, checking, bank charges, transfer costs
- CROSS BORDER ACCOUNTING -subsidiaries, associates, branches, agents
- TAX ISSUES - revenue/ capital distinction, service fees and expenses, transfer pricing.
- LOCAL COMPLIANCE - treasury, exchange, re-insurance, fiscal

# SOLUTIONS ( 1)



- DEDICATED FUNCTION
- FLEXIBILITY- awareness of restrictions world-wide
- CENTRAL COLLECTIONS
- SERVICE STANDARDS - procedures / scheduled payments
- BUSINESS CO-OPERATION AGREEMENTS
- DEDICATED CURRENCY BANK ACCOUNTS
- COMMUNICATION -flexible, two way, English as common language, accommodate time zones.

# SOLUTIONS ( 2)

- EXCHANGE & CURRENCY GROUND RULES
- RESTRICT THE VOLUME OF MOVEMENTS - payment thresholds
- GOOD MANAGEMENT INFORMATION- accurate and up to date.
- STRICT CREDIT CONTROL
- REINSURANCE AGREEMENTS
- WEB -BASED ACCESS TO DATA
- FINANCIAL BASIS - “One Version of the Truth”
- POLICY - Bad debts, insolvency

# REWARDS

- CONTROL - “DOES THE MONEY HAVE TO MOVE”
- MAXIMISE INVESTMENT POLICIES FOR ALL KEY PLAYERS
- COSTS & ADMINISTRATION MINIMISED
- MANAGEMENT INFORMATION - e.g. for renewal negotiations
- AUDIT TRAIL - accounting compliance
- COMPLIANCE - legal and fiscal
- MINIMISE BUSINESS DISRUPTION - claims settlement
- CLAIMS AND FUNDS TRACKING -for captives

# QUESTIONS & EXERCISES (1)

1. What are the moneyflows involved when providing insurance cover on the following bases:
  - Admitted
  - Non-Admitted
  - Freedom of Services
  
2. What do you understand by :
  - Fiscal charges
  - Parafiscal charges

# QUESTIONS & EXERCISES (2)

3. What are the advantages and disadvantages of Central Collection of premiums
4. Who in your opinion is most responsible for delays in the efficient movement of moneyflow, and why.
5. Which of the following territories are not in the EU:

France	Gibraltar	Sweden	Liechtenstein
Switzerland	Cyprus	Russia	Luxembourg
Iceland	Slovenia	Norway	Monaco
Isle of Man	Latvia	Malta	N. Ireland

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