



The Power of Multinational Pooling: Insurope Employee Benefit Solutions for Ukraine

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Agenda

What is Insurope ?

What is multinational pooling ?

An example from the Ukrainian market

How to check out multinational pooling for your company

Conclusions



What is Insurope ?

What is Insurope?

Founded in Brussels in 1968

An association of independent insurers

Voluntary network partner membership – high degree of commitment

Multilateral agreements

Monitored and controlled by an executive committee consisting of representatives from 10 companies within Insurope's network

Origins in Europe, but global growth



Some statistics

Represented in 80+ countries

630 multinational clients

Network Number 2 in market share

Pooled premium approx. €757 million

Our Structure

Headquartered in Brussels

Regional Offices in:

USA (CA, CT, IL, NYC, NC)

Asia Pacific (China and Singapore)

Scandinavia

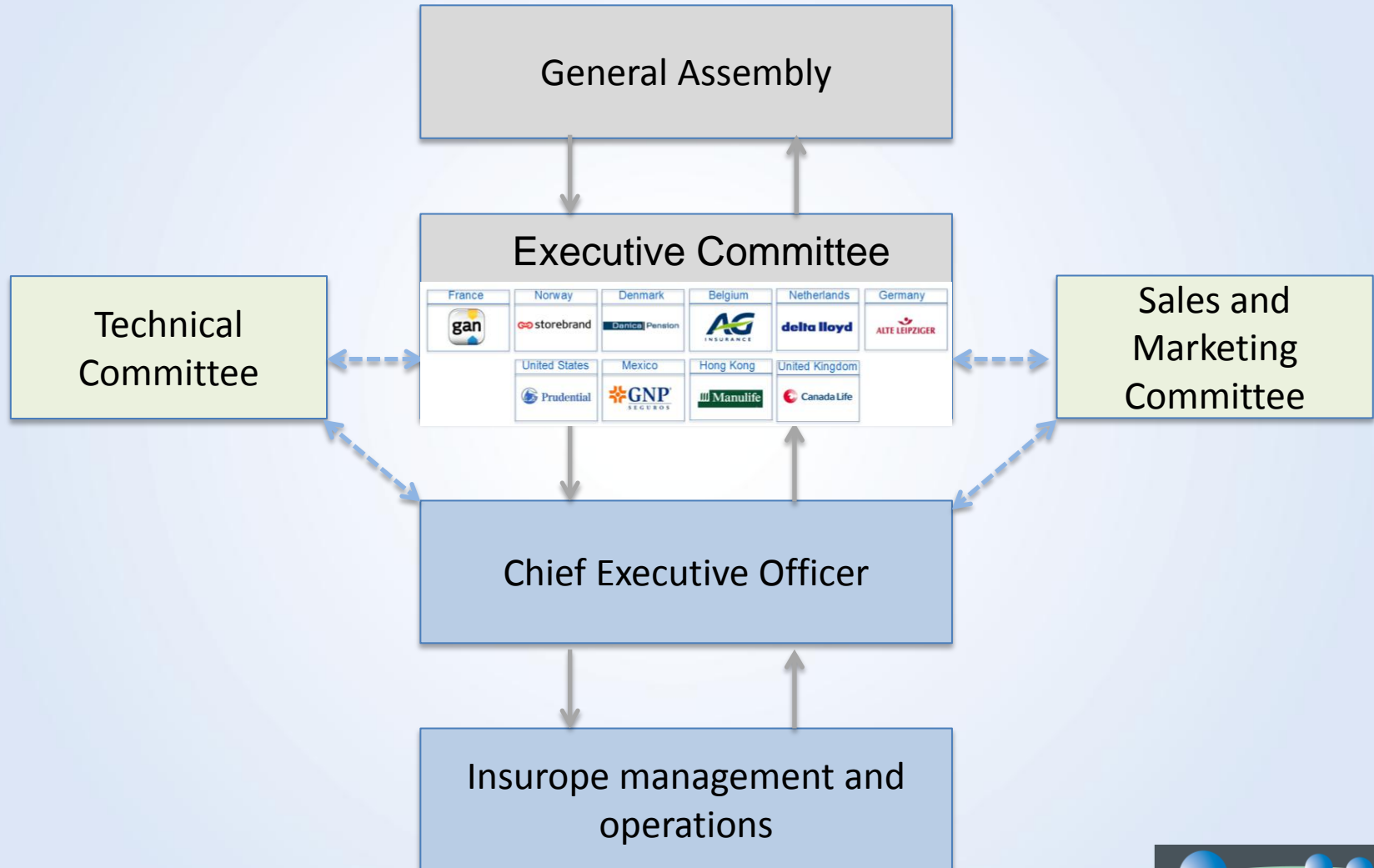
Great Britain (two offices)

Germany



Insurope Strength : Ownership

Unique Network Corporate Governance



Our Partners

Located in more than 80 countries

Average partner membership is 20 years (50% over 25 years)

Department dedicated to Insurope

Uniform agreement concerning

- Free Cover Limits
- Rating Limits
- Administration Charges

Our partner in Ukraine is Uniqa



Strong local partners

e.g. Uniqa Ukraine

Member of the network since 2007

Participation in 6 pooling arrangements

Established in 2006, but already in the top ten of insurance providers in Ukraine

Excellent customer portfolio

Product range which combines European standards and a thorough knowledge of the local market



Summary: Insurope Today

Experience

Insurope is one of the most formidable multinational networks worldwide, with more than 40 years experience in multinational pooling

Strong partnerships

The Insurope Network is an association of independent insurance companies and have strong local partners in the major markets worldwide

Global coverage

Insurope provides employee benefit services, delivered locally in more than 80 countries around the globe

Local presence

Central office in Belgium, and regional offices in USA and Singapore. Local representations in USA (4), UK, Germany and Finland

Market leader

More than 650 global multinational clients, covering 2,600 local country plans, and has been consistently ranked among the top 3 largest networks



Key strength of Insurope

High quality provision of insured employee benefit plans in 80+ countries



What is multinational pooling ?

What is pooling?

Pooling is 2 or more country subsidiaries of a Multinational Corporation combining their benefit programs for financial savings and risk control.

Poolable Benefits

In all countries:

Death and Disability

- Lump sum benefits
- Widow and Orphans pension
- Short & Long term pension

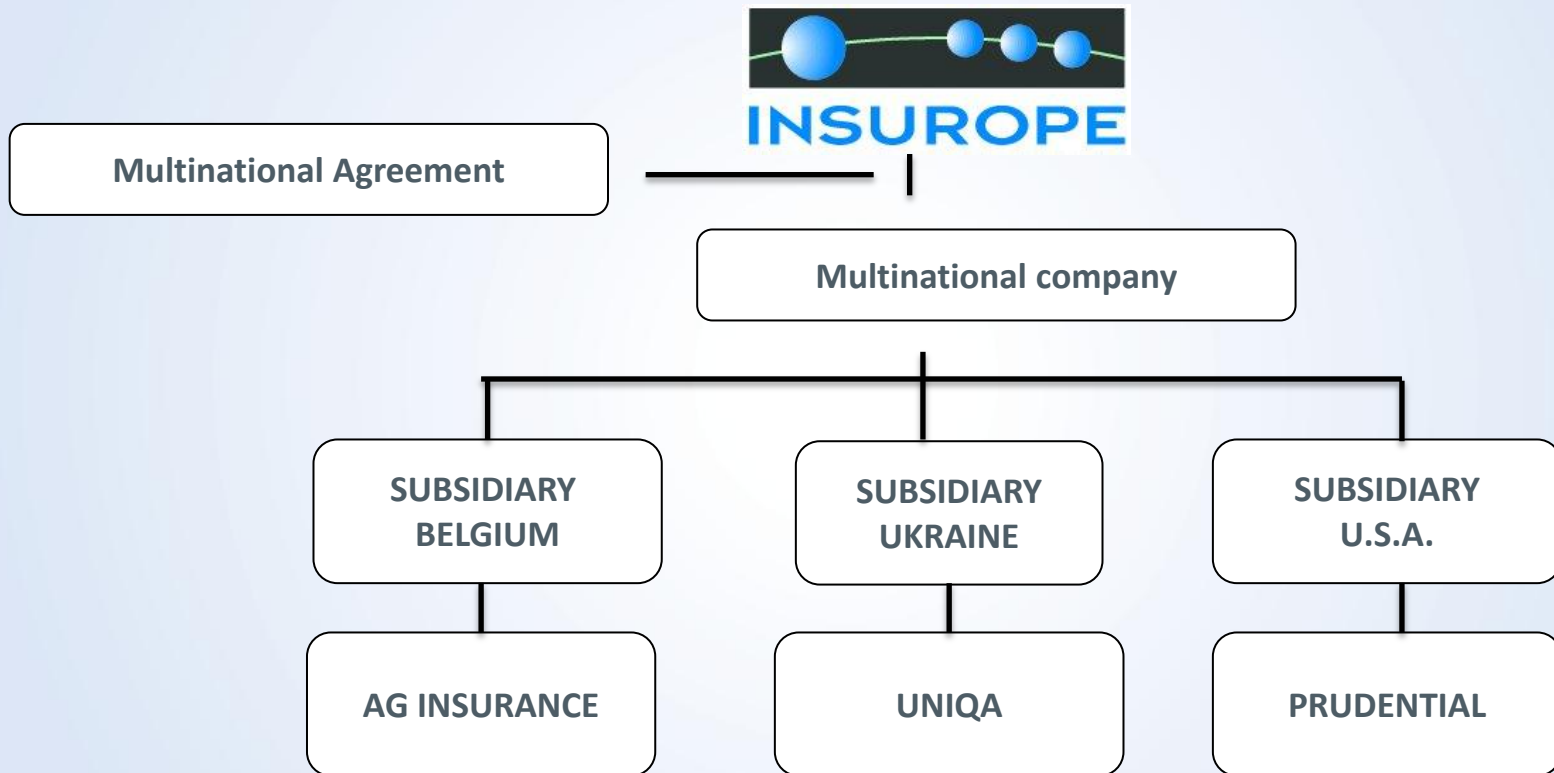
In most countries:

Medical and AD&D

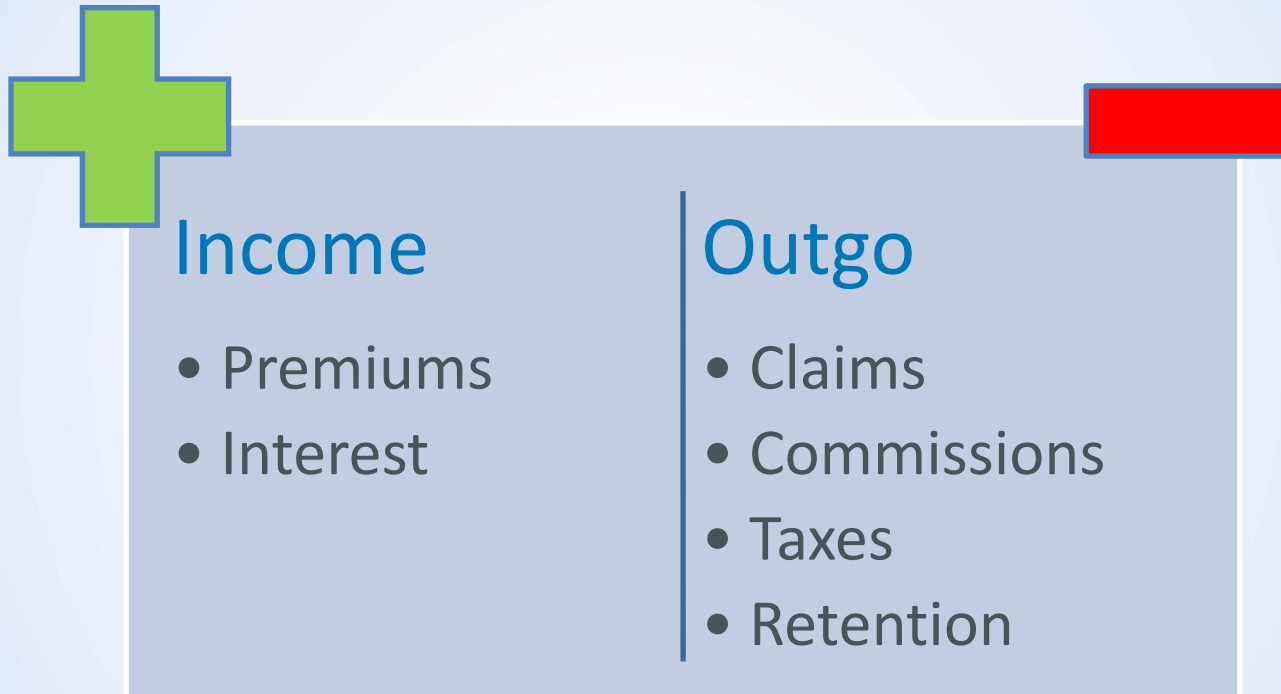
In some countries:

Retirement

The Pooling Agreement



Multinational Profit & Loss account



Income minus Outgo = Surplus or Loss

Pooling example 1

Profit and loss account :

	A	B	TOTAL
Income			
Premiums	100	200	300
Outgo			
Claims	50	100	150
Admin Charge	6	12	18
Risk Charge	4	8	12
	40	80	100

Pooling example 2

Profit and loss account :

	A	B	TOTAL
Income			
Premiums	100	200	300
Outgo			
Claims	250	100	350
Admin Charge	6	12	18
Risk Charge	4	8	12
	- 160	80	- 80

Expenses (Retentions)

Local Administration deduction

- Covers the cost of our local partner's expenses
- Set by Insurope for pooled business across all life and disability contracts in the pool

Risk Charge

- Reflects the potential cost of losses for the insurers
- Dependent on the type of pool, the composition and margins in the rates

Products and services

Multipool (“small groups pool”)

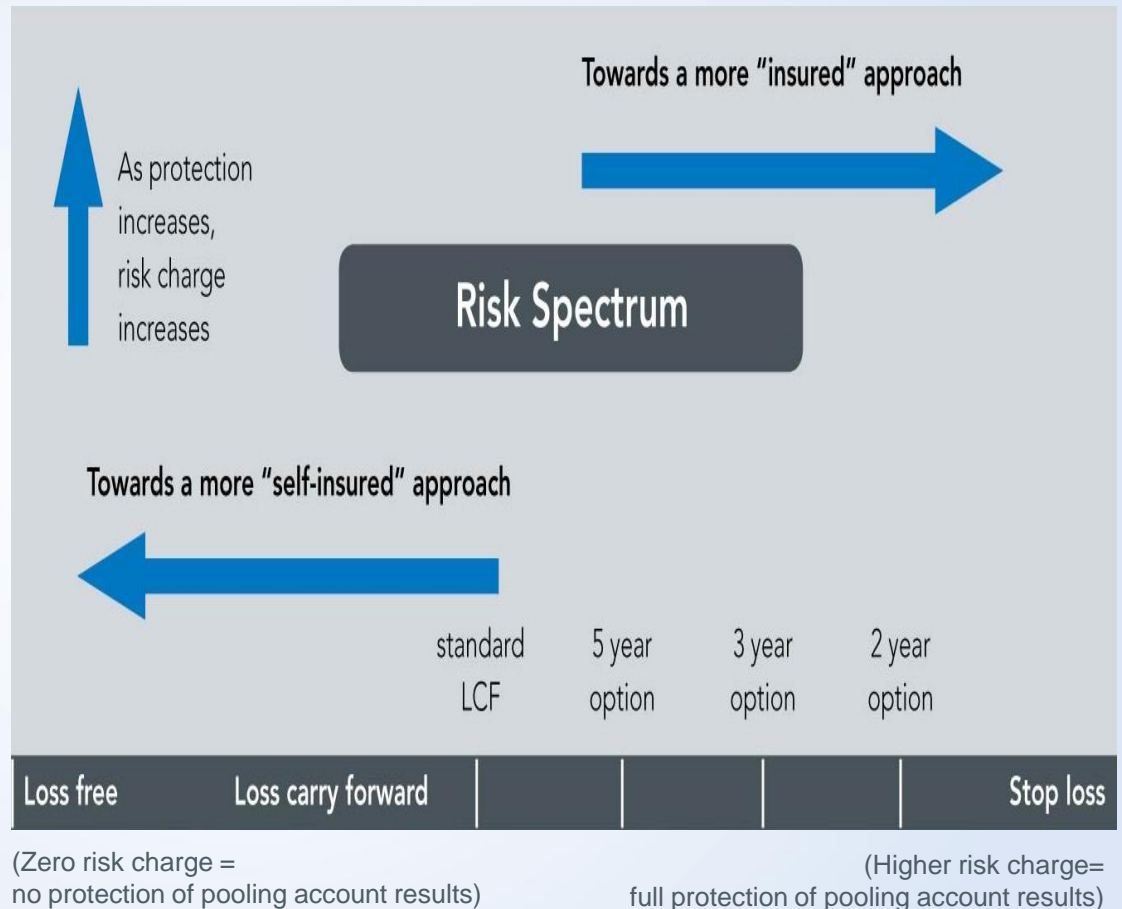
- Pool for smaller clients
- Best performance in the market with high dividends to clients

Stand alone pool

- Loss carry forward
- Stop Loss
- 3 year roll over
- Other combinations

Tailored products and individual rating limits

Free cover limits



Free Cover Limits 2013

Stand alone Pools

Lives	Death benefits	Disability pension p.a.	Disability lump sum
5,000+	EUR 1,150,000 UAH 11,730,000	EUR 85,000 UAH 867,000	EUR 1,150,000 UAH 11,730,000
- 4,999	EUR 850,000 UAH 8,670,000	EUR 65,000 UAH 663,000	EUR 850,000 UAH 8,670,000

Multipool

Lives	Death benefits	Disability pension p.a.	Disability lump sum
N/A	EUR 700,000 UAH 7,140,000	EUR 45,000 UAH 459,000	EUR 700,000 UAH 7,220,000

Advantages

Parent Company

Cost Reduction

Access to global information

Major global purchasing power

Subsidiary

Cost Reduction (in case dividends are shared)

International Free Cover Limits

Leveraging the parent companies' global relationships



An example from the Ukrainian market

Case Study – an example from the Ukrainian market

Background information on the case

Insurope client with HQ in the U.S.A.

Pool in place since 01/01/1994

Loss Carry Forward Pool with over 11,000 lives

Insurope Free Cover Limit of EUR 1,150,000 / UAH 11,730,000

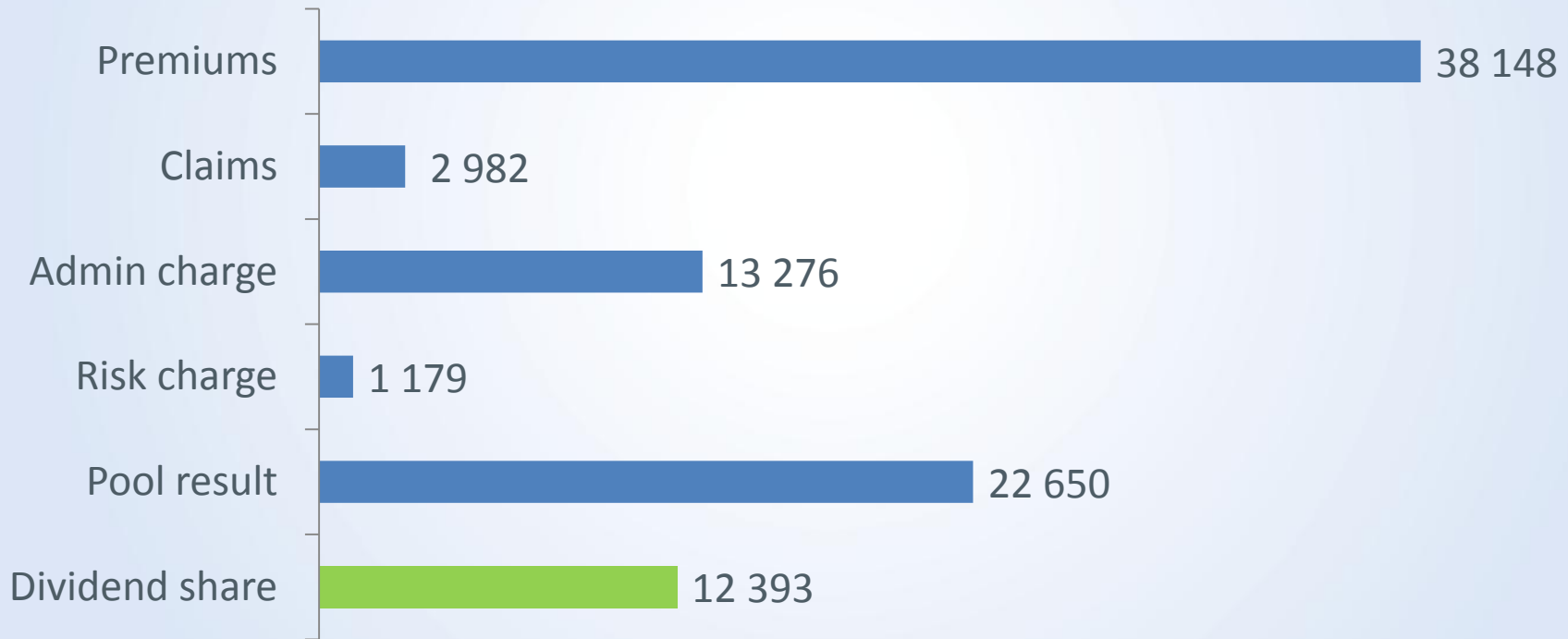
Dividends shared by HQ after deduction of small percentage

Successful life quotation by Uniqa Ukraine in 2010

Case Study – an example from the Ukrainian market

Actual pooling results in Ukraine (2012 experience) – 23 lives

(Figures in UAH)



Savings equal to 32.49% of premiums

Potential for dividends

- On average 60 - 70 % of the Insurope pools produce positive results
- Insurope dividends are on average 10% - 20% of risk premiums



How to check out multinational pooling for your company

How to check out pooling

Client or broker should ask for a local employee benefit proposal in Ukraine from the Insurope Network Partner Uniqa on an existing plan basis

How to check out pooling


Insurope will then use the figures from this proposal (premiums, lives, claims assumptions etc...) to draw up a simulation or "Multinational Pooling Proposal" which reflects the participation of the plan in a multinational pooling arrangement

How to check out pooling

This "Multinational Pooling Proposal" will indicate the projected savings or "multinational dividend" as well as improved free cover levels, where appropriate, both items very often indicating that pooling a local plan is well worthwhile

Multinational Pooling Proposal : Executive Summary

Executive Summary



Financial Advantage

Potential savings

The potential surplus or savings reflected by this pooling proposal, which assumes the participation of this plan in the existing multinational pool for XYZ Model, are:

EUR 1,730 / USD 2,282

These potential savings are relative to an ongoing quoted local premium of:

EUR 53,739 / USD 70,895

These potential savings represent 3.22% of the risk premiums given the claims assumptions made (see p. 5) and are expressed as a contributory surplus item to the overall multinational account result in any given year. The surplus paid, in respect of Greece, will depend on the actual claim results for this plan as well as results elsewhere.

Coverage Advantage

Enhanced free cover

Multinational Pooling with Insurope gives the added advantage of network free cover which is the amount of coverage allowed without medical evidence.

This applies even for groups which might normally only qualify for lower levels of free cover on a local basis due to a low number of lives insured.

EUR 50,000 / EUR 50,000

The above amounts are the highest range of free cover normally available for life / disability for this plan on a purely local basis.

EUR 850,000 / EUR 850,000

The above modified amounts of free cover for life / disability are applicable to this plan as a result of the application of Insurope pooling.

Given that the potential savings indicated are credible, they should be considered in when comparing levels of local premium quoted in other local proposals.

Insurope pooling system features

- Global free cover limits* determine the level of coverage offered by the Insurope network partners without any medical evidence, often significantly increasing the local level available.
- Global rating limits* protect the multinational pooling account from high individual claims and are designed to provide an optimum balance between protection of the pool result and an increase in the overall amount of premiums available for generating dividends.


Both sets of limits are identical as they are intrinsically linked. In order to facilitate the provision of a global free cover system across diverse local markets, the same limits are required to allow a consequent sharing of risk between pool insurers up to these uniform levels.

What differentiates Insurope?

- high pooling limits...resulting in more premium pooled hence greater dividends
- worldwide application of high levels of network free cover...rather than often very low local levels
- worldwide Insurope scale for admin. charges...rather than "local charges apply", except in the case of medical coverages

By market standards Insurope global rating (or pooling) limits in terms of local premium amounts are high, resulting in more premium pooled hence potentially greater savings. In this proposal the totality of local premiums are subject to multinational pooling rather than only premiums up to a given level. This is an important aspect given that not all networks pool local premiums up to such high limits.

* see Products and Systems at www.insurope.com



Financial & Coverage Advantages

Premiums vs. Savings
Percentage of savings
Free Cover Limits

Multinational Pooling Proposal : Multinational Pooling Account

In local and common currency

Up to 5 different claims scenarios

Multinational Pooling Account

Simulation reflecting this plan in the XYZ Model multinational pool

The following figures, in EUR and USD, show projected savings potentially available by including this plan for XYZ Greece within the existing Insurope pooling arrangement for XYZ Model.

	EUR	USD
Lives		62
Exchange rate USD 1 =		EUR 0.758
Reserves	3,927	5,181
<i>medical</i>	3,927	5,181
Premiums	53,738	70,895
<i>death</i>	9,967	13,150
<i>disability</i>	2,424	3,199
<i>medical</i>	39,270	51,807
<i>other</i>	2,076	2,739
Interest	43	57
Non-Rated Claims	0	0
INCOME	57,708	76,133
Reserves	3,927	5,181
<i>medical</i>	3,927	5,181
Claims assumed *	27,000	35,620
<i>death</i>	0	0
<i>disability</i>	0	0
<i>medical</i>	27,000	35,620
<i>other</i>	0	0
Non-rated premiums assumed	0	0
Charges	25,051	33,050
<i>Commissions</i>	7,363	9,714
<i>Local tax</i>	4,884	6,444
<i>Administration charge</i>	10,752	14,185
<i>Risk charge</i>	2,052	2,707
OUTGO	55,971	73,851
Result of Savings	1,730	2,282

* Only medical claims are assumed at the height of the expected claims.

INSUROPE

How to check out pooling

To get a rough idea of the poolability of a local plan without carrying out a local proposal exercise simply provide existing approximate key data on lives, premiums, claims etc... and an initial pooling projection can be supplied easily and quickly at no cost



Conclusions

Conclusions

Insurope is a network of **strong local partners** in 80 + countries

Combined **financial strength** of many of the largest insurance groups worldwide

Full spectrum of **flexible** multinational pooling systems in accordance with the risk profile of the multinational client, with no minimum conditions with regard to premiums or lives under the multi-employer system

Conclusions

Worldwide application of high levels of network **free cover**

Potentially considerable **cost savings** to be made through multinational pooling, also locally in Ukraine
(cf. case study)

Multinational Pooling Proposal allows local clients to easily check potential **advantages** of Insurope pooling