

Multinational claims: Consistency, complexity and trust

[Redefining_Risk_CE_Claims_Multinational_Audio.mp3](#)

Transcript

Matt Hoare

Hello, I'm Matt Hoare, Somp's Head of Multinational Programmes for Continental Europe. I'm hosting this episode of Redefining Risk with Somp and I'm joined by Cedric Wells, our Head of Claims for Continental Europe. We will be diving into the world of multinational programmes, exploring their unique challenges and complexities and how they work in practice with particular focus on claims management. So please join us for this episode and subscribe via your podcasting platform of choice. Hello, welcome to the Redefining Risks with Somp podcast. My name is Matt Hoare, Head of Multinational for Continental Europe. I'm joined by my colleague Cedric Wells, Head of Claims for Continental Europe. And we're here today to talk about multinational programmes and in particular, how the claims proposition fits into the puzzle. Hi, Cedric.

Cedric Wells

Hi, Matt, and thank you. I'm looking forward to this discussion. Multinational insurance is a fascinating area of global insurance. So I think I should ask you the first question, Matt. For our listeners who might not be particularly familiar with multinationals, what are the key features that they should be aware of?

Matt Hoare

Sure. So really when we talk about multinational programs. Clients kind of have three options when covering their global exposures. They could buy single policy in their home jurisdiction, but that would have a lot of non-admitted cover, which can be problematic in some jurisdictions. Or they may allow their subsidiaries just to buy their own policies locally around the world, which does ensure there's local cover in place, but it's not coordinated. There can be differences in cover, gaps in cover and a lack of control from the parents, from the risk manager's perspective. So and then you have the control master programme, which is what we're here to talk about today, which has local policies that are coordinated, managed by one insurer that sit underneath a master policy. Master policy sits like an umbrella over the local policies and brings control and standardisation to the programme, to underwriting of the programme,

claims and the purchasing. So that's kind of what we mean by a multinational programme.

Cedric Wells

And are you seeing trends in Europe over the past years? How are expectations and services evolving over time?

Matt Hoare

Sure, I think certainly over the last 10, 15 years there's more business going into captives and more diverse lines of business and often those are multinational programs. I think there are greater expectations from clients in terms of access to real-time data, accurate, real-time, at their fingertips, process efficiency, documentation issued in a timely manner. And I think also access to decision maker, having that single point of contact for your program that you can go to. That's what you're buying, right? You're buying a one stop shop solution. So yeah, those are sort of some of the key trends that we see. Let me ask you a question now turning to to claims, which is really the moment of truth of insurance, of any multinational program. We arrange cover, get policies issued, but it's when that claim comes in. So this is really the true test of a multinational program, right?

Cedric Wells

Yeah. Well, when people talk about multinational insurance programs, they tend to focus on the structure. So the master policy the local policies, the policy deductibles, policy limits. But the real test with global programs is not how it looks on paper, it's how it behaves when something goes wrong. And that's what makes claims handling so exciting and challenging because the world is not harmonized. So a claim in Spain will not be handled in the same way as a claim in Chile or in South Africa. local regulatory expectations vary, legal systems differ, cultural norms differ. And what our clients tell us, and which we hear consistently from our brokers, is they don't want perfection. They want predictability. They want transparency. They want to understand how it will happen, who will handle it, and how the global and the local pieces work together. Our role as multinational insurers is to bring consistency where there is complexity. And ultimately to build trust because trust is the real currency in the handling of multinational claims. It is what enables our clients to conduct operations across borders, knowing that if something happens, they won't be navigating complexity alone.

Matt Hoare

What would you say global clients value most when it comes to the claims aspects of their program?

Cedric Wells

I think claims handling is the ultimate moment of truth for any insurer. And beyond the technical execution, The expectations are not so much that we produce miracles, but rather that we deliver. No surprises, if you will. I think the key areas of focus, one is predictability, which I mentioned earlier. Our clients need a process that is clear and dependable. They want deadlines, they want actions, decisions, and outcomes that they can anticipate. Because predictability reduces uncertainty and it builds confidence. Second, I would say, is responsiveness. And this isn't about imminent claims payment, but rather about rapid mobilization of expertise and resources and proactive engagement throughout the whole claims process. So clear decisions and actions made quickly in multi-time zone, multilingual, multicultural environments. And I think that's particularly relevant in the context of large losses. Third, I'd say communication and ownership. Our clients want transparency. They want well-defined escalation paths. So above all, accountability. A key element of this is the appointment of a single contact point. called it a multinational claims relationship expert, who will connect globally with the local partners, local offices, network partners, the captive if there is one, the broker and client of course, and who will take ownership where there is complexity. And last but not least, consistency. Outcomes will vary according to based on every jurisdiction, due to regulations, due to cultural norms, there is an essential need for a single claims approach. So one philosophy, one standard across the countries.

Matt Hoare

Sure. And one example of a true test of a multinational programme is, and something clients often ask about is, how does the local policy coordinate with the master and what happens when I have a claim that may not be covered locally. Do you want to talk about that?

Cedric Wells

Sure. So the global policy is the strategy and the local policies are the execution. And I think to maintain, maintaining consistency whilst without exerting control over local execution is a delicate art. So the basics, if you're handling a claim under the local policy, this requires local licensing, local claims expertise, local language skills and empowerment. And a claim locally must be handled in strict accordance with the local regulations, but also market practices, local customers.

Matt Hoare

And that's what in having local policies, that's what the client is expecting and what they're buying.

Cedric Wells

Exactly. And all claims decisions must be taken locally. Now, there will be situations where maybe despite the wording being equivalent across the program, the outcome can defer in some instances quite significantly. Now this is something which we need to explain to our clients. And this is where the global coordination brings consistency. If you will, it connects the local claims with the master policy and the client's global strategy. The master policy will kick in when the local policy doesn't cover or doesn't cover fully. This operates through the difference in conditions or the difference in limits clauses. And oversight will come from the claims relationship manager. So overall, and because the local policies and the master policy interact and are interdependent, it's critical that there is close collaboration between all the stakeholders, the claims relationship manager, the local partners, the clients and so forth, particularly on topics such as coverage assessment and the smooth payment process. Matt, what are the key factors that need to be considered when setting up multinational programs?

Matt Hoare

So I think first of all, we need to understand what the client's trying to achieve and where they have exposures and the size and type of those exposures. And then we need to decide what do we cover under the master policy versus under local policy. So if they just have a small one, two person sales office somewhere, we may decide not to have a local policy versus they have major manufacturing operations, then we would certainly want to see a local policy. And we have to factor into that what are the local regulations that impact how we tailor the program. So some countries don't allow non-admitted cover. So any significant exposure in a country, we would suggest it has to, in a country that doesn't allow non-admitted cover, we would suggest has to have a local policy in general. And then, so bearing in mind those local compliance factors, there are things like cash before cover, pre-issuance, money laundering requirements, need for certificates to evidence cover, could be for contractual reasons. So all of these things are critical. All of these factors are critical things to have in mind and that the client should be aware of when we tailor their programme. And then of course you need to implement it all. So we have to ensure we have the capabilities to service the client in each country. And that's where it's important that a carrier has a strong network that can deliver the services and the compliance locally in each country.

Cedric Wells

And are there any specific industries or sectors which are facing unique challenges when it comes to multinational programmes?

Matt Hoare

Yeah, sure. I think you have in the tech sector where the cyber risks are increasingly prevalent. So they need programs that are tailored to that kind of exposure and have the incident response globally. There's energy clients facing climate risk challenges. And

then in the manufacturing logistics space, we've seen a lot of supply chain disruption rippling out globally from different parts of the world. which just creates challenges for our clients and probably shows the need for global programs with the master and local structure. So we know our clients value efficient technology, access to data. There's a lot of innovation coming into the industry with AI, etc. But beyond that, the technical side, what are the key elements for you?

Cedric Wells

You're right. I mean, beyond the technical execution, there is a human dimension to claims handling. We are essentially building a partnership between the insurer, the insured, and the broker. Firstly, I think, firstly, pre-loss engagement is key. This is where we build rapport, we build trust. It is an opportunity firstly to form a tight decision-making team to pre-select adjusters, lawyers, accountants, experts who know the markets locally. It's an opportunity to test the policy against claim scenarios and to do that in particular consideration of the impact a loss might have for a client and that might be commercial reputational or financial. It's an opportunity to design crisis management planning, also to draft claims handling protocols. All of this done from the outset, parties don't need to worry about it when the first loss comes in. addition to that, I would say that the claims commitment is one that has to be discussed. So what is the core value proposition from the insurer's claims team and how should it be adjusted and tailored to meet the specific needs, priorities, requirements of a given insured? I would add that claims are technical but the settlements are cultural. So empathy, for example, is something that might be very different from a country to another. what might work in one region might not work in another. By way of an example, here's a large liability loss in the Middle East, which triggered both the policy locally and the master policy. There was an assumption locally, based on cultural norms, that there would be no settlement without face-to-face negotiation. And by contrast, our insured, their expectation was that the claim would settle based solely on the technical evaluation. And that type of misunderstanding can create some delays, can escalate costs. And that is why cultural intelligence is so important. We need to make sure that our claim handlers, our adjusters, factor that and will address that effectively.

Matt Hoare

Technology is becoming increasingly important the multinational program space. So from a claims perspective, how do you see data analytics, AI and other innovations impacting our proposition going forward?

Cedric Wells

So in multinational claims handling, visibility and insight is becoming almost as important as the claims process itself. We're seeing expectations changing and shifting from execution to reporting. First, our clients are moving beyond static periodic

reporting. They want to see real-time data or near real-time data. They want the global view in real-time over their claims, whether they are attritional or large, so that they can anticipate and monitor and make informed decisions. There's no doubt AI is super powerful and comes with new opportunities. But it isn't sufficient on its own. And by this I mean that there is a need to introduce some judgment, which is brought by our claims experts and our adjusters. We also need to factor local nuances, which AI can't do yet. So Matt, if you could leave our listeners with a few takeaways around multinational programs, what would they be?

Matt Hoare

Sure. So one is, I think, the importance of doing the basics well, getting policy documentation issued, premium collected, moved to a captive if there is one, claims are reported and routed to the right handler quickly and clients have access to data. So it really matters to our clients that the basics are handled well. Second one I would say is having access to someone who's responsible for your program and understands your program and you don't feel like a face in the crowd. I think that's really important. And then finally, you need a really strong network that's well managed to manage and deliver these programs. So I think those are the three key takeaways. What do you enjoy about working on multinational programs the most?

Cedric Wells

What I love most is that interaction with our clients. It's playing an active role in and supporting them in the development of their business. And when claims arise, it's providing them with the best outcome possible. Thank you very much, Matt. And thank you all for attending this podcast. If you've liked it, please be sure to like, to share or to subscribe.

Sompo presents the information in this podcast for you only as a general resource for your information and to educate. Sompo recommends that you consult your own professional insurance advisor before using the information in this podcast to design or implement your risk control program for your specific facts and circumstances.