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Please respond to

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SESSION NR 20

INDUSTRY SESSION - HOTELS

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GLOBAL RISK & INSURANCE MECHANICS

● OBJECTIVES

● SERVICE FIRMS

● INSURERS

AIG	GERLING
CHUBB	HARTFORD
CIGNA	KEMPER
CONTINENTAL	ROYAL
FMI	

● BROKERS

● LOSS CONTROL/RISK EVALUATION

● CLAIM ADJUSTERS

● BANKS

● STRUCTURE

● CAPTIVE INSURANCE COMPANY

GLOBAL RISK AND INSURANCE PLAN

OBJECTIVE

The objective of having global risk and insurance plan is to provide each hotel with a standard coverage which is a comprehensive and economically priced program combined with a loss prevention program.

We are increasingly unable to limit exposures to the country where the event occurred and cannot depend upon local fragmented insurance plans that will either not provide cover or respond to international legal proceedings.

An international insurance market has developed to be able to respond to a multiple legal, tax and currency environment(s) which allow a single underwriter to insure the exposures faced by IHC. A Global plan must be able to respond to:

- Growing regional nationalism and international agreements combined with need for worldwide protection.
- Involvement of multinational corporations as vendors/buyers that are becoming increasingly sophisticated in the terms and conditions of their contracts and insurance plans.
- Funding techniques that must be worldwide for events regardless of origin.

The Global plan was established to satisfy the following guidelines:

- Taxation The plan must permit a tax deduction for the premium expense. If the plan is not properly structured, this deduction could be lost. Also, a foreign tax is frequently imposed on non-admitted insurance premium payments.
- Legal The plan must be legally acceptable in all jurisdictions.

Many countries impose stiff penalties of a subsidiary is found violating prohibited non-admitted insurance laws.

- Currency The plan must comply with the currency regulations in all jurisdictions both as to premium payments and claim settlements (e.g. transfer of claim payments may in some cases be deemed recapitalization and in some situations may be subject to further taxation locally).
- Corporate Philosophy Hotel Group has made significant efforts to be identified as sensitive to local customs and business practices.

Benefits to Hotel Group

A Global risk and insurance plan has many advantages:

- Allows a Hotel Group to be a full service hotel company for existing and prospective owners.
- Early involvement with the hotel projects has been appreciated by the owning companies in improving their protection plans and allowed Hotel Group to use these project insurance plans to buffer or insulate our own global insurance plan from related claims and thus reduce our loss experience future increases in premiums.
- Educational and communication vehicle for the prevention of losses or conservation of assets, i.e. a single plan allows for a common focus, goal or purpose.
- Financial Benefits

Combining our buying power allow us to position our insurance plan to resist the cyclical nature of the insurance market.

Ongoing volume discount and profit sharing system rewards participation, the prevention of losses and diminishes need of captive insurance company.
- Coverage

Allows the hotels to secure and pay directly for a comprehensive plan of insurance that would not otherwise be affordable in scope or limits. Further reduces the need for the Hotel Group to duplicate purchase of insurance due to doubt about the adequacy of local insurance.

GLOBAL RISK MANAGEMENT SYSTEM

