

# Multinational pooling

GLOBAL EMPLOYEE BENEFITS SOLUTIONS

*Multinational risk pooling is a sophisticated insurance technique available exclusively for international corporations. This proven method allows multinationals to add value to their employee benefits plans worldwide. By building a virtual portfolio, multinationals can unlock the power of risk spreading, gain important information and underwriting benefits and potential cost savings from their global insurance plans.*

## Your benefits

- Transparent annual reports on your employee benefit plans worldwide – enabling you to monitor and control costs, claims and benefit levels.
- A broad range of modular options – letting you customise your international programme to your requirements and risk profile.
- Inclusion of all employee benefit risks – helping to optimise the performance of your programme.
- Potential international dividends – ensuring cost savings on your insurance coverage globally.
- Advantageous underwriting conditions available – offering comprehensive coverage and convenience.

## How multinational pooling works?

The risk portions of the risk insurance and savings plans of your company's subsidiaries insured with Swiss Life Network Partners around the world can be combined into an international portfolio, called a pool, specifically for your company. We can include the following group insurance benefits (lump sum and pension) in your pool, provided the coverages are locally available and poolable:

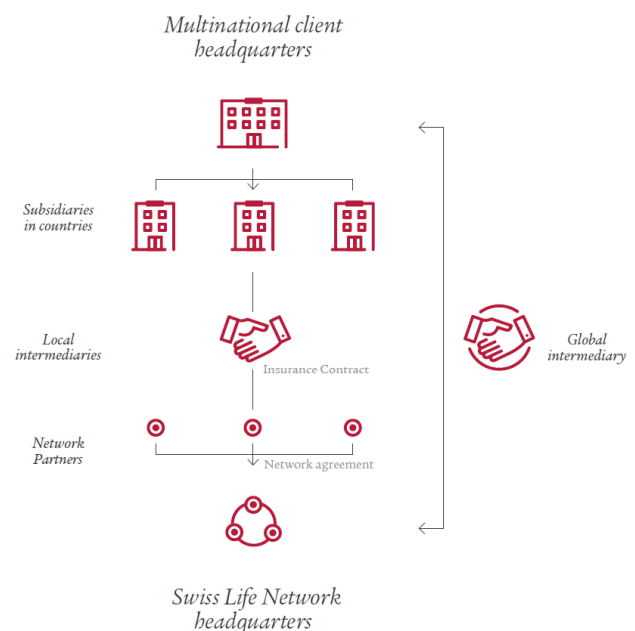
- Retirement
- Group life and survivors' benefits
- Disability (long- and short-term)
- Medical
- Accidental death & dismemberment
- Critical illness.

## The international agreement is between head office

The international agreement to pool your local group insurance contracts is signed by your multinational head office and the Swiss Life Network head office.

Your subsidiaries' local insurance contracts are unaffected by pooling. Premiums, local dividends, local experience rating and commissions all remain unchanged. On the other hand, these contracts may now be eligible for advantageous underwriting conditions.

Local and international relationships with intermediaries (brokers and consultants) are also unaffected.



## Customise your Client-Specific Pool using our modular options

The Swiss Life Network’s innovative modular system lets you design your own global programme by selecting the combination of pooling options that best suit your company’s specific needs and risk profile.

### Your options

- Choice of loss carry forward amortisation period
- Annual partial write-off of losses carried forward
- Limitation of losses carried forward
- Self-retention of risk
- Contingency fund
- Catastrophic risk cap
- Waiver or liberalisation of medical evidence requirements
- Choice of accounting period

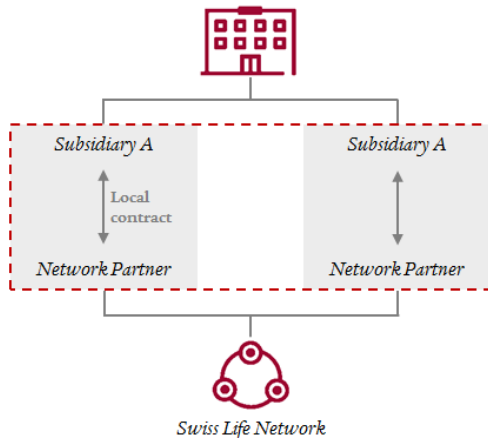
The Swiss Life Network’s approach allows you to change the parameters of your pool as your circumstances require. Whichever options you choose, you can be confident of always receiving excellent local service and full information at the international level.

### Simple requirements

To set up a client-specific pool, you must meet the following requirements:

- Two contracts with a total of over 100 lives
- Over CHF 250 000 poolable periodic premium

### Client-Specific Pooling Agreement



Client with more than 100 lives and more than CHF 250 000 pooled premium. As soon as you have evaluated and confirmed your solution and the local contracts involved, your parent company simply signs an international pooling agreement with the Swiss Life Network and we can establish your programme.

## The Multi-Client Pool provides benefits even for small contracts

The Multi-Client Pool allows you to enjoy many of the advantages of pooling even if your company does not yet meet the criteria for a Client-Specific Pool. As soon as you have sufficient new contracts and lives, we will build a company-specific pool for you.

### Your benefits

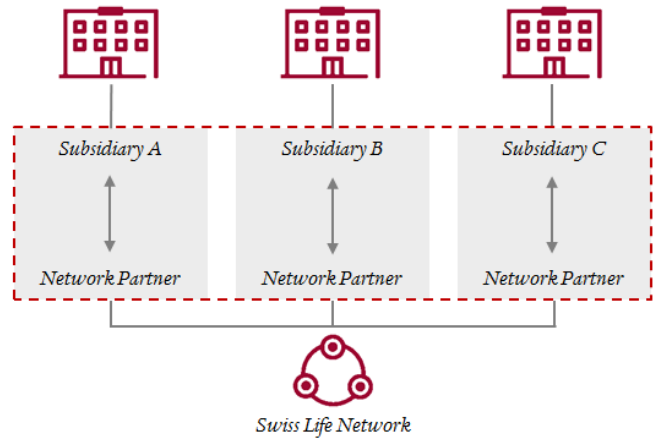
- Potential international dividend paid to your multinational headquarters
- Stop-loss accounting system to protect future profits
- Information to the parent company on local contract inclusion
- All risks included in the pool to optimise your results
- Annual summary of results showing details of your contracts involved

### Simple requirements

To enter the Multi-Client Pool, you must meet the following requirements:

- One new contract concluded with one Swiss Life Network Partner, covering at least 10 lives
- Active support from multinational headquarters to grow the pool

### Multi-Client Pooling Agreement



Minimum 10 lives and 1 active contract with Network Partner.

## Consolidated global information allows international experience rating

Once the international agreement is in place, Swiss Life measures the overall claims experience of each poolable local employee benefit contract included in your pool by balancing income against expenditure.

We then consolidate the data from all the pooled contracts and countries in your pool to produce an overall profit & loss account. By balancing any losses in one country against gains in another, we can calculate the overall experience of your company-specific pool. This is called international experience rating.

If there is an overall positive balance, we will credit it to your company as an international dividend according to your instructions.

On the other hand, if there is an overall negative balance, we will not ask you to compensate for this (unless you have opted to self-retain pooled risks). There is simply no international dividend paid for that year.

## Risk spreading releases margins

When a local contract is not placed in an international pool, all the margins remain with the local insurer.

However, when the local contract is pooled and internationally experience rated, the additional spreading of risk through the creation of a larger portfolio allows the minimum margins required by the local insurer to be smaller.

- The local margin of a pooled contract is divided into:
- The risk retention held by the Network Partner – to cover potential local losses
  - The pool contribution – to cover losses by other countries in the pool
  - The international dividend – paid out to your corpo-rate head office and/or local subsidiaries according to your instructions.

This means that the overall international dividend is determined by:

- Risk experience (premiums minus benefits paid and claims reserves)
- Administration (expense) charges and local taxes
- Local dividends
- Commissions paid to brokers and consultants
- The international risk retention.

### Multinational Pooling – Your pooled local contracts are internationally experience rated

		Country A	Country B	Total
Local accounting	1 Premiums	200 000	400 000	600 000
	2 Local Dividends	0	-220 000	-220 000
	3 Claims and Reserves	-205 000	-100 000	-305 000
	4 Administration and Commissions	-8 000	-12 000	-20 000
	5 Local Balance	-13 000	68 000	55 000
International accounting	6 Risk Retention	-10 000	-18 000	-28 000
	7 Result for the period	-23 000	50 000	27 000
	8 Write-offs and Transfer Payments	-23 000	23 000	0
	9 International Dividend	0	27 000	27 000

### Multinational Pooling – Local contract

	Not Pooled	Pooled	
Insurer ←		Potential International Dividend	→ To Multinational Client
	Margin	Pool Contribution	→ To/From other Countries
		Risk Retention	→ Retained by Network Partner
	Local Dividends	Local Dividends	
	Commissions	Commissions	
	Benefits Paid	Benefits Paid	
	Claims Reserves	Claims Reserves	
Local Expenditure ←	Administration	Administration	

## *Your pool is protected against downside risk*

In order to be able to provide this highly advantageous service, the Network Partners involved in your pool take a risk retention to compensate for non-covered losses on your contracts. The amounts are calculated by our Swiss Life Network actuaries, and depend on:

- Retirement
- Group life and survivors' benefits
- Disability (long- and short-term).

We show the risk retention as a debit item in your pool's international profit & loss account.

The risk retention is what allows us to award you added advantages, including the international dividend, while protecting your pool against any downside risk.

## *Profit & loss accounts deliver clear, detailed information on your pool*

Swiss Life provides exceptionally transparent and informative annual profit & loss accounts for your pool, allowing you to monitor and control your global plans.

You receive comprehensive details on all pooled contracts, claims, reserves and losses carried forward, as well as information on non-pooled plans.

Explanatory remarks and clear diagrams ensure your accounts are easy to understand and explain to others within your organisation. You can select the level of detail presented as well as the currencies used.

## *The profit & loss account reveals net costs*

When local contracts are not pooled, the balance in each country is retained by the local insurer and used to cover future risks and claims incurred by other clients.

When local contracts are placed in a pool, the Network Partner sends all the details to the Swiss Life Network actuaries. They use this data to draw up an international profit & loss account for your pool.

The international dividend is effectively the difference between the local balances and the risk retention and contribution to the pool. To see the full wealth of information we deliver annually to multinational headquarters, please ask for a sample international profit & loss account.

## *Take advantage of added value at no added cost*

Clients who enjoy the benefits of an international pooling programme do so at absolutely no additional cost. All local contract conditions remain the same – or are even enhanced.

The Swiss Life Network provides these special benefits to multinationals as a way of attracting more business and improving their pool results by enlarging them with new poolable contracts. The continuing growth of our international portfolio is compelling evidence that it works.

Our clients know that bringing more business to the Swiss Life Network translates into more advantages and higher potential international dividends for their organisations. It's a true win-win situation.

## *Participation is easy*

In order to help you set up and grow your pool – and the benefits you gain from it – we will be happy to arrange for quotations on your local employee benefit plans not currently placed with Swiss Life Network Partners.

Please contact us for more information. We are looking forward to helping you.