

Cross Border

Allianz global network

Local Policy

Insurance
without borders

Freedom of Services

Cross Border

Property and casualty insurance solutions for UK businesses trading overseas

Allianz Insurance plc | Commercial

Allianz 

Cross Border

from Allianz

straightforward international
commercial insurance



"Allianz already has an enviable market reputation for innovative insurance solutions for large cross border businesses. Now, we have the capability to offer you straightforward, cost-effective insurance solutions for your mid-corporate clients with European and other overseas exposures."

Chris Hanks, general manager, Commercial

Welcome to Cross Border Insurance Without Borders

Clients with cross border needs are an important and growing segment of the mid-corporate commercial insurance market.



The number of overseas enquiries is growing due to:

- additional premises being set up (e.g. sales offices)
- companies switching their manufacturing base overseas to cut costs
- subsidiary companies being established to remove trading barriers
- expansion by the purchase of an existing trading company

Why choose Allianz?

Over 100 years in the marketplace, together with the backing of the global Allianz group, demonstrate our financial strength and experience. We have the people, products and service commitment that makes the Allianz group a unique proposition for your corporate clients' cross border needs.

The Allianz group is seeing an increasing demand of mid-market commercial clients wanting to coordinate their global insurance arrangements. We have established an international Allianz network comprising local Allianz companies to meet the needs of those clients who fall below the Allianz Global Corporate & Speciality (AGC&S) threshold. Our network will continue to grow and leverage the Allianz group's international presence.

Allianz supports the international needs of large global clients with a turnover above £350m through AGC&S.

Benefits for you and your clients

It goes without saying that any benefit that may help increase client retention and acquire new business is crucial. This is where Allianz's worldwide presence can open great opportunities for you.

- **Convenience** – The Allianz group can provide valuable know-how and global expertise
- **Strength & Capability** – Allianz Insurance plc (Allianz UK) is one of the largest general insurers in the UK. We are part of Allianz SE, one of the world's foremost property and casualty insurers.
- **Coverage** – when the entire international account is written by members of the Allianz group, there is less chance of coverage gaps or other deficiencies in a company's international insurance programme
- **Financial Security** – Allianz SE carries an AA rating from Standard and Poor's.

Allianz already has an enviable market reputation for innovative insurance solutions for large corporate cross border businesses. Now we have the capability to offer straightforward, cost-effective insurance solutions for mid-corporate European and global risks.

International insurance can be arranged by:

- 1 **Local Policy:** foreign primary insurance contract. Difference in Limits (DIL)/Difference in Conditions (DIC) can be added to a UK policy
- 2 **Freedom of Services (FOS) Policy** (European Economic Area (EEA) countries only)
- 3 **An Integrated International Insurance Programme via AGC&S**

Which solutions are available?

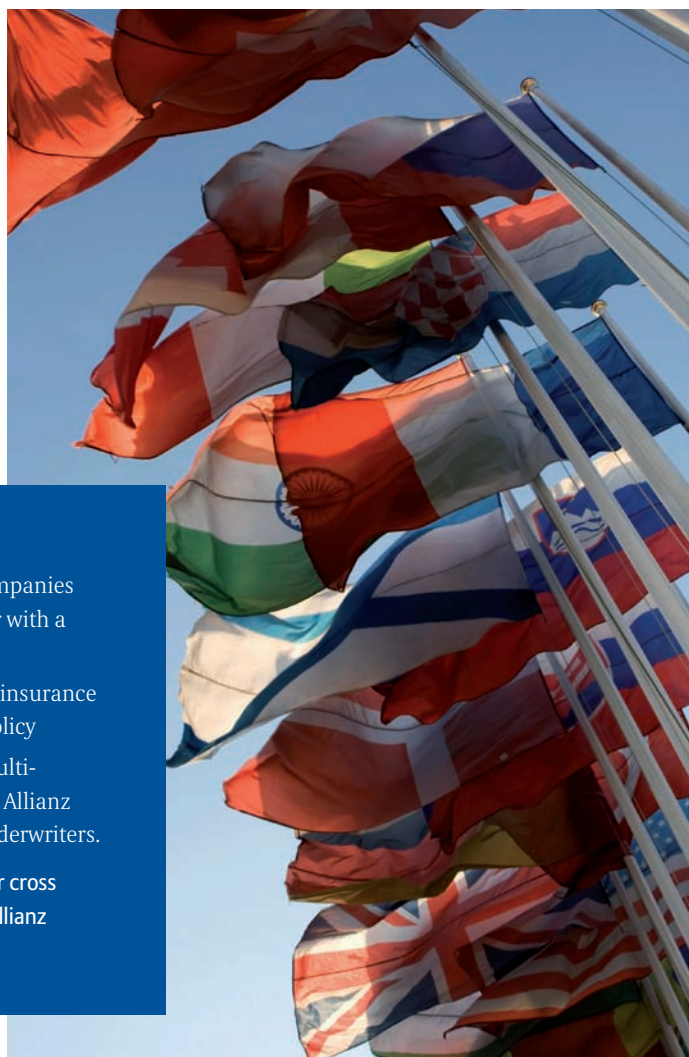
The following table shows which type of cover is available for each class of business.

	Property	Casualty	Motor
Local Cover	✓	✓	✗
Freedom of Services	✓ only EU on request subject to conditions	✓ only EU on request subject to conditions	✗
Integrated International Insurance Programme	✓ available via AGC&S	✓ available via AGC&S	✗

Our preferred approach is the Local Policy option arranged via our overseas Allianz counterparts. The Local Policy provides your client with the best possible protection with access to local compulsory insurance and the benefits of local claims, risk management and advice services.

A Freedom of Services (FOS) policy provides insurance protection for EU risks covered under a single UK policy. This may be an option particularly for small risks. Cover is provided on the UK wording and might not reflect local coverage standards or laws.

An Integrated International Insurance Programme is suited to very large international risks and will remain the province of AGC&S. Requests for such programmes will be referred to AGC&S.



Our cross border offering

Cross border coverage is available to UK domiciled companies with a presence, assets or liabilities outside the UK / or with a subsidiary company domiciled outside the UK.

- **Freedom of Services** – a simple FOS policy providing insurance protection for EU risks covered under a single UK policy
- **Stand Alone Local Policies** – local market cover for multi-national businesses arranged through our overseas Allianz counterparts and active cross border network of underwriters.

The following pages summarise the policy features of our cross border offering. All you need to do is contact your local Allianz expert underwriters.

Freedom of Services

For UK businesses trading in Europe based on a freedom of services (FOS) approach

This policy provides insurance protection for risks within the EU covered under one single UK insurance contract. UK law, terms and conditions are applicable.

EU law allows non-life insurers established in any member states the right to supply property and liability insurance (for which they are licensed in their home member state) to firms resident in any other member state where the risk is situated. This is providing the appropriate taxes and levies have been paid to the foreign state's authorities.

To qualify under the freedom of services (FOS) Directive the risk must be situated in an EU/EEA member state.

Although an FOS approach may be legally permissible, there are a number of issues that mean an FOS approach may not be the best option for your client:

- cover is provided on the basis of the home Allianz company's wording and might not reflect local coverage standard or laws
- FOS is in particular not appropriate for liability business because of varying local legislation
- local service is not available for guidance, claims handling or surveys

- in some territories, access to compulsory local pool arrangements (e.g. natural catastrophe and terrorism) may not be possible without a local policy

In case of an FOS approach it is crucial that the policyholder and insurer (and any co-insurer) are domiciled in the same country if the policy is to have a legally binding effect.

Note: the policyholder is liable for the tax/charge, and the insurer is liable to pay the tax/charge to the relevant authorities. The non-payment or avoidance of such payments is taken very seriously by member states and the EU Commission. The policyholder should be held responsible for providing the insurer with the relevant information necessary to calculate and account for the correct taxes.

In some countries there can be a number of different charges relating to one policy or cover; insurance premium tax, para fiscal charges (such as a charge for fire brigade services) and a stamp duty or levy.

Coverage

Underwriting of overseas risk is handled as part of the UK policy by the UK underwriter. This provides the same level of coverage for your client's European risks as for their UK portfolio.



Freedom of Services

Target

Companies with small incidental overseas exposure – the amount of the turnover derived from outside of the UK should be incidental in relation to the overall turnover arising from the insured's business activities.

Occupation of the risk is normally restricted to sales offices, distribution, and light assembly – other occupations may be more suitable for a Local Policy.

Benefits for you

- central negotiation
- one contract/product
- central contacts

Benefits for your clients

- one contract in their native language
- familiar scope of coverage
- known law and jurisdiction
- uniform risk management approach
- familiarity with claims handling (all claims are dealt with under one policy with one office of the insurer; market practice)
- optimal control of information (e.g. loss ratio; no need to collect information from various places)

Servicing

This will work similar to UK domestic business with overseas tax applied and remitted to the overseas tax authority. Access will be given to local surveys and claims handling arrangements.

- first-class service levels for issuing quotes and policy documentation
- policies issued in English
- we will work alongside our international network of risk engineers to carry out risk management surveys.

Claims

- UK based claims handling by our established Allianz Insurance plc international claims team
- access to global loss adjuster network
- single point of contact for claims

Payment

- one premium payable for both UK and overseas risk
- premiums charged in sterling
- we arrange payment of local taxes on the client's behalf

Summary

The Freedom of Services Directive

- applies in the European Economic Area (EEA) States only
- allows an insurer in one member state to write a risk in another member state on their own books, provided that the appropriate taxes and levies have been paid to the foreign state's authorities
- provides a simple insurance solution for small risks.

To find out more, speak to your local Allianz underwriting expert or visit www.allianzbroker.co.uk

Stand Alone Local Policies

Local market insurance cover for multi-national businesses

For companies with a number of overseas locations, the preferred approach is to purchase local insurance policies in each country that they operate.

Utilising our global Allianz network, we can arrange local cover via our overseas Allianz counterparts to suit your clients' needs.

The network is designed to enable your clients to arrange cover for their overseas risks, in the territory where those risks are situated. The network operates on a cross-class approach, and seeks to deliver an overall solution for your client on an admitted basis. This means the overseas risk will be underwritten by the overseas underwriter on their local rating terms with local policy documentation.

The advantages of this approach include the assurance that your client has complied with local insurance regulations, since most countries require compulsory insurance to be in place for certain classes, such as workers compensation, and prohibit the purchase of compulsory insurance from insurers not licensed in that country.

Benefits for you

- local service (i.e. competent, accredited on-site advisory and risk) management services with local skills/market practice.
- cover according to local legal and local market terms and conditions
- potential tax advantages (difference in insurance premium tax: in some countries locally paid premiums are tax deductible and loss payments are tax exempt)
- settlement of claims in accordance with local laws and claims payments can be made locally
- policy is written in local currency, so there is no need to deal with different currency rates in determining the policy limits or premiums
- a group of partnership intermediary brokers has been established to service the insurance arrangement, where the client's broker is not represented in the territory where cover is required, and/or the local Allianz company does not operate direct.
- easier for client to charge overseas insurance premium to local subsidiary



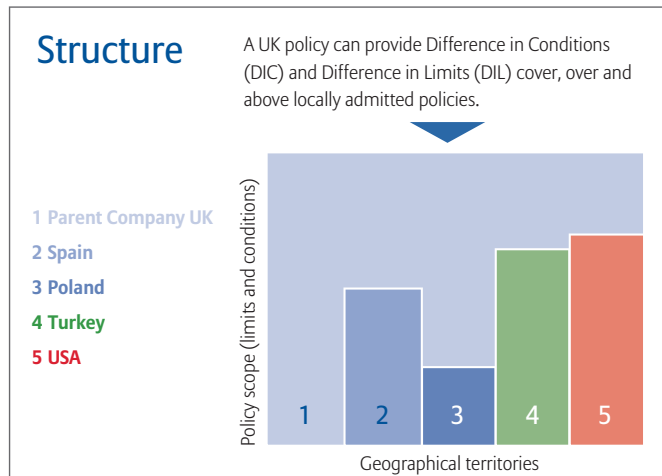
Our cross border offering is suitable for all types of property and casualty insurance, in particular compulsory insurance such as workers compensation cover.

Coverage

The local Allianz office for the territory in which the risk is domiciled will issue a Local Policy providing the widest cover available in the local market. This will include access to pools and catastrophe arrangements.

- Allianz network provides your clients with the benefits of a policy based on local knowledge and expertise
- a cover provided locally may not be wide enough to suit your client's needs. For that reason, in order to provide a standard level of cover to all cross border subsidiaries, a UK policy can provide Difference in Conditions (DIC) and/or Difference in Limits (DIL) cover over and above local policies.

DIC/DIL accommodates coverage gaps at local level and provides a comfort level so that all countries have consistent terms and conditions.



This policy would provide broader terms and conditions (DIC) than may be available under the Local Policy and would operate in excess (DIL) of Local Policy limits

Servicing

- high-level service levels for issuing quotes and policy documentation
- quotations provided in English language
- policy documentation issued in local language, which can be provided to your client's local representative. This makes it straightforward for your UK clients to apportion the overseas premiums
- local policy summary available in English language.

Claims

- claims notification will be in the overseas territory where the claim event occurred
- claims notification should be via the overseas intermediary where one exists
- Allianz Insurance plc/International claims team will be informed by the overseas international claims team if there are any claims that may result in a claim under the DIL and DIC part of the cover.

Payment

- premiums will be charged in local currency
- our local Allianz office will arrange payment of pool arrangements and local taxes on the client's behalf
- premiums will be billed to the local Allianz office.

Summary

Stand Alone Local Policies

- Allianz Insurance plc coordinates the arrangement of local policies via the Allianz global network. The Local Policies will be underwritten on local rating terms with local policy documentation
- your client benefits from local service and management of the risk

Quotes and further information about our cross border offering are available from your local Allianz team.



Broker Q&A for Cross Border

How can I identify which of my clients may need cross border cover?

- A Check your clients' portfolios for the following:
- any overseas element to their business insured elsewhere in the market
 - annual business travel policy which could indicate overseas operations

Where can I get a quote?

- A Quotes and further information about our cross border cover are available from your local Allianz branch.

What cross-selling opportunities are available?

- A Annual business travel, directors and officers and personal accident

Cover

What types of business are eligible?

- A
- the network caters for mid-corporate property, casualty and engineering covers. Motor and motor trade are not included. Marine cover would be placed in the insured's home territory.
 - the insured's business must be established in and conducted from the UK (i.e. UK domiciled company with a presence and having assets or liabilities outside of the UK). We do not write stand alone overseas business.
 - the Allianz group supports the international needs of large global clients through Allianz Global Corporate & Speciality (AGC&S). AGC&S focuses on clients with an annual turnover above £350m.

What types of cover are available?

- A Insurance cover is structured for each line of business mapped out using a combination of Local Policies, master DIC/DIL policies and Freedom of Services for European Economic Area countries.

Do you offer cover for multi-territory risks?

- A Yes. But risks with 10 or more territories would be better suited to an AGC&S Integrated International Insurance Programme.

What are the insurer's requirements for multi-national coverage?

- A
- regulatory laws in countries must be adhered to
 - insurance licences must be held unless a legal exemption applies
 - mandatory coverage in countries of risk must be granted
 - premium and para-fiscal tax legislation must be adhered to
 - risk premium must be reasonably and fairly allocated per country of risk

These principles apply to multi-national insurance coverage and to any layer of direct insurance – primary, Difference in Conditions (DIC), Difference in limits (DIL) – as well as co-insurance business. While the principles apply primarily to the insurer, the client can benefit from knowing that the insurance provider is compliant. A non-compliant carrier can lead to an undesired result for the client in terms of both the validity of the insurance coverage as well as the balance of the clients' tax account.

Is the cover you offer on the overseas element up to the same high standard you offer for UK based risks?

- A Freedom of Services cover provides the same level of coverage for the clients' European risks as for their UK portfolio.

Local Policy cover will be issued based on local market standard.

What language options for policies are there?

- A
- FOS policies will be issued in English.
 - Local Policies will be issued in the local language and can be provided to your client's local representative. An English language policy summary will also be available.

What will happen if my client cancels cover on the UK element but still wants to continue covering overseas premises with Allianz?

- A They can continue overseas cover where a Local Policy is in force in the overseas territories.

On FOS does the UK jurisdiction clause apply for risks outside of the UK?

A The FOS policy shall be considered a contract made between the parties in England and shall in all aspects relating to the validity formation, interpretation and performance of this contract be governed by and construed in accordance with the laws of England and Wales irrespective of where the risks insured are situated or where events occur.

In the event of any dispute or question relating to the validity formation interpretation and performance of this policy each party has agreed to submit to the exclusive jurisdiction of the courts of England and Wales and to waive any right that it may have to object to an action being brought in those courts or to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

A Local Policy will be issued in the local language and can be provided to your client's local representative.

Premiums

How can premiums be paid?

- Freedom of Services (FOS)
One premium payable for UK and European business – charged in sterling for one single insurance contract.
- Local Policy
Premium is paid to local Allianz company. Where your client's intermediary is not represented in the territory where cover is required, a designated intermediary broker is billed and responsible for payment.

How much commission will I receive?

- A If your client's intermediary is represented in the territory where cover is required, the broker retains 100% of the commission. Where the client's intermediary is not represented, the network solution to this is by establishing a partnership intermediary arrangement. Each participating Allianz company has identified one or more local intermediaries through which all incoming policies can be dealt with. These partnership intermediaries can then contract directly with the originating local intermediary and this would include an agreement over the sharing of commission. This would normally relate to the extent of advice and service the local client requires.



Why is foreign premium tax suddenly a more significant issue?

A Dealing with foreign tax is not a new challenge, but due to its complexity many global insurance companies, brokers or agents and their clients have been left with more questions than answers. Recent high profile cases and the increasing complexity and hardening of the licensing, tax and legal environments have raised foreign premium tax accountability to new heights. Our aim is to eliminate our customers' uncertainty.

How will premium/payment of insurance taxes be allocated?

A Allocation methods will vary by line of business. For example, property could be based on exposed values at risk per location, while casualty is based on turnover, payroll and total area. Appropriate steps to satisfy requirements include:

- risks (per contract and per line of business) must be identified and allocated to the jurisdiction where the risk is located
- risk-adequate premium must be apportioned per country of risk/contract/line of business
- premium tax laws in affected countries must be checked and the insurer must pay any applicable premium taxes, where required.

Risk Management

How will risk management requirements be managed on overseas risks?

A Risk management will be handled by the local Allianz company.

Claims

How will claims be dealt with?

A Our established international claims team will manage all claims with an international dimension and will liaise with overseas Allianz companies as necessary.

Freedom of Services

- claim notification will be in the UK, via the UK broker
- Allianz Insurance plc's international claims team will handle cross border claims

Local Policy

- claims notification will be in the overseas territory where the claim event occurred
- claims notification should be via the overseas intermediary where one exists
- claims will be handled by the local claims team.

DIC/DIL:

DIL above a Local Policy

- claims will be handled by the Allianz overseas claims team in conjunction with the Allianz Insurance plc international claims team.
- Allianz Insurance plc international claims will be informed by the overseas international claim team where the claims reserve is greater than 50% of the Local Policy limit.
- the UK pays the claim in excess of the level of coverage offered by the Local Policy

DIC above a Local Policy

- Allianz overseas international claims will inform the Allianz Insurance plc international claims team.
- claims will be handled in the UK under UK jurisdiction

Will UK claims experience affect the underwriting of the overseas risk and vice versa? Or will they be rated separately?

A Under FOS the UK claims experience will be considered in conjunction with the overseas risk.

Under a Local Policy, each territory will be rated separately. A five year claims experience should be provided for each overseas territory.

Policy Documentation

Where can I get copies of overseas policy documents and summaries?

A Local Policy documents and summaries will be supplied via Allianz Insurance plc.





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www.allianz.co.uk

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