

# GLOBAL VEHICLE INSURANCE

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Dear NETS Members,

January 18, 2012

Peggy Ross with Baxter Healthcare submitted a question concerning global insurance. Please see her complete question below.

Responses follow Peggy's question.

Note: It's NETS' policy to not include the names of vendors in the Forum responses. Vendor names have been deleted from the responses.

Please contact me if you have any questions or suggestions.

Thank you to those of you who contributed responses.

Jack

Jack Hanley  
NETS  
Executive Director  
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## Question

Please send ask NETS' members the following questions:

- Do any NETS member companies purchase a global auto insurance program?
- If yes, what benefits have you found?

Thank you,

Peggy

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	<b>RESPONSES</b>	<b>DO ANY NETS MEMBER COMPANIES PURCHASE A GLOBAL VEHICLE INSURANCE PROGRAM?</b>  <b>IF YES, WHAT BENEFITS HAVE YOU FOUND?</b>
1	Responses indicating they do not have a global vehicle insurance program	5
2	Chevron Todd Wilhite twilhite@chevron.com	We are self insured.
3	ComEd John Meyer john.meyers@ComEd.com	ComEd is self insured and is not a global company.
4	Ecolab Ryan Rebman ryan.rebman@ecolab.com	<p>Ecolab has a partial program for about 14 countries.</p> <p>Benefits - some premium savings, uniformity of limits and coverage, reporting of losses</p> <p>Difficult to administer</p>
5	GE Jeri Hall Jeri.Hall@med.ge.com	GE is self-funded and therefore does not use a global auto insurance program. Our premiums are based on 3-year average liability costs and we carry only liability coverage.
6	Nestle Andy Bradley Andrew- Richard.Bradley@nestle.com	<p>We established a global auto programme in 2004 with 5 countries &amp; 6000 vehicles. We now have 43 countries &amp; 25000 vehicles. The insurance programme is fronted by XXX &amp; run almost entirely thru our reinsurance captive.</p> <p>There are only a few insurers that can provide you with a global programme, those being: (name removed), (name removed), (name removed), mostly Europe. Do not believe (name removed) can do it, but will do a large fleet in one country if you then reinsure into your captive, but it's not really a global motor player. Just recently (name removed) claimed to have gone into this market as well.</p> <p>The benefits we see are:</p> <ul style="list-style-type: none"> <li>• Control of insurance costs</li> <li>• Elimination of casco/own damage where possible</li> <li>• Implementation of large deductibles in countries with high</li> </ul>

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		<p>premium taxes, thus reducing overall total cost of risk</p> <ul style="list-style-type: none"> <li>• Better insight &amp; control on claims &amp; claims management costs</li> <li>• Helps focus loss control &amp; safe driving</li> <li>• A tool to use against leasing companies, i.e., we take the insurance where possible and not them – forces more transparency in leasing costs (?)</li> <li>• Our overall costs have reduced but we have still made a few % points profit each year in the captive</li> <li>• Additional line of business for captive, helps with diversification</li> <li>• Profit from insurance has been used in part to help fund or pilot loss prevention initiatives &amp; annual fee for membership of the Global Road Safety Partnership (GRSP)</li> <li>• Added financial security; i.e., some lease companies are using their own captives as insurers with no financial rating</li> <li>• Potential to be flexible , if necessary , in claims payments</li> <li>• Sustainable premiums rather than following market cycles</li> <li>• We have learnt a lot on unbundling of claims handling services</li> <li>• Control of any large loss that may have reputational issues</li> </ul> <p>Potential problems</p> <ul style="list-style-type: none"> <li>• It's often a "black hole" to start with as there may not be any sound underwriting data</li> <li>• Data collection is always going to be an issue, in spite of what insurers might tell you!</li> <li>• There will always be a cheaper player in the local country</li> <li>• Local countries are often very attached to motor ( emotionally)</li> <li>• Geographical scope could be an issue as there are a number of countries where there are reinsurance restrictions, tariffs are too low</li> <li>• Leasing companies will tell you it's not possible to take the insurance out of their leasing package</li> </ul>
7	<p>Quintiles Steve Meyers Steve.Meyers@quintiles.com</p>	<p>Our Risk Management group reports that it is difficult to accomplish so we do not have a global auto insurance program (as much as it would be nice to have).</p>
8	<p>Roche Diagnostics (Canada) Francine Seguin <a href="mailto:francine.seguin@roche.com">francine.seguin@roche.com</a></p>	<p>Our car insurance is Canada/US only.</p>
9	<p>Sanofi Aventis Tom Cosentino Thomas.Cosentino@sanofi.com</p>	<p>Sanofi is self insured for auto up to the first \$5 million, after that, we are covered globally by (name removed). I am not sure of the benefits, besides cost savings.</p>

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10	Shell Mike Watson Mike.Watson@shell.com	Shell is self insured.
11	Xerox Mike McAlister Michael.Mcalister@xerox.com	Answer is No Reason - We have separate auto insurance policies in each country, it is less expensive to secure local policies

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