Going Global with HDI Global

Guide to International Programmes

The International Program

Why?

and How?

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Before we get started…
a few definitions

International Programme (IP)
Centralised insurance solution with numerous policies across various jurisdictions.

Difference in Conditions (DIC)
Filling in any gaps in coverage at a local level by utilising the master policy.

Difference in Limits (DIL)
Filling in any gaps with lower limits of indemnity at a local level by utilising the master policy.

Freedom of Service
Relating to the European Economic Area (EEA), the freedom to operate in any member state regardless of country of domicile, under so-called ‘passporting rights’, which give insurers who are regulated in their own EEA country, access to any other EEA member country without needing separate authorisation there.

Admitted vs. Non-admitted
An admitted insurer is an insurer locally licensed to offer insurance in a certain country. A non- admitted insurer is not licensed in said country. Non- admitted coverage is not allowed in most countries. Only in those few countries where non-admitted insurance is allowed, an International Programme can cover foreign subsidiaries of the master insured at the master cover.

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Challenges in a world without International Programmes

Unrelated, local policies

Each client subsidiary is responsible for organising their own insurance by means of separate and unrelated policies.

This creates a situation where:

- The parent company has no control over the process
- Coverage is not optimised with potential gaps having consequences for both parent and subsidiary relating to tax and regulation
- Administration is difficult
- There is no consistency in claims servicing

A single policy, for all subsidiaries

The parent company organises insurance coverage for all subsidiaries globally under just one policy.

This creates potential issues:

- Non-compliance with country insurance regulations
- A risk of being perceived as trying to evade the payment of local taxes
- Being unable to conduct insurance activities within the country (e.g. loss adjustment, risk engineering, and claims payment)

Why an International Programme?

- Compliance with local laws, regulation and standards
- Comprehensive global coverage
- Unparalleled convenience for insurance and risk managers
- Central control to manage the programme comprehensively
- Central purchasing and administration resulting in cost efficiencies

Our solution for you

International Programme (IP)

- Compelling solution for international organisations looking to manage their coverage in a centralised and simplified way.
- These centrally coordinated programmes consist of local policies, covering each of a company’s foreign entities, and are supplemented by a “Master Policy”.

Master Policy

Administration

- centrally where the group’s parent company is located
- locally by our overseas branches or network partner

Cover

- for the group’s parent company
- as an addition for the group’s foreign entities (where necessary and legally possible)

“Producing Office”

- issues the IP (usually in in the country of the parent company)
- decision-maker regarding risks in all countries comprised in the programme.

Local and global benefits of International Programmes (IP)

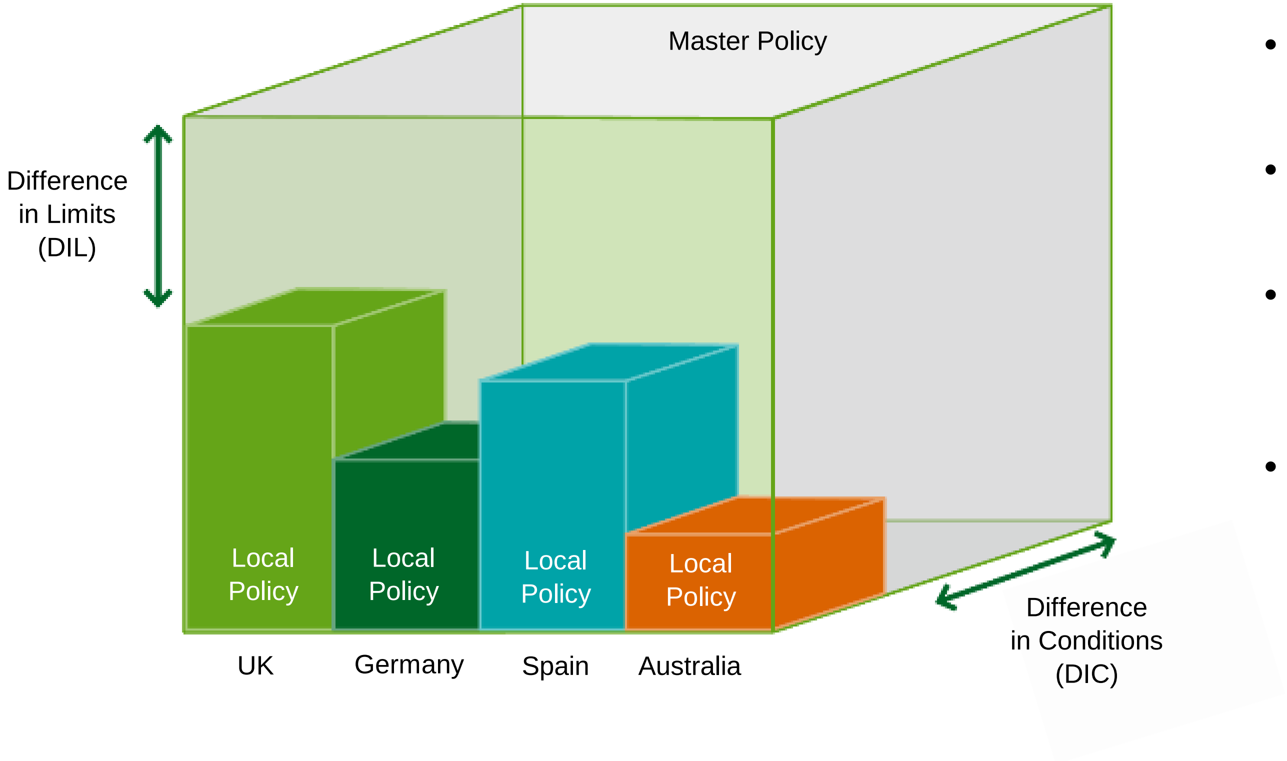
Benefits for the parent company

- Insurance standards of parent company taken into account
- IP and claims handling steered centrally
- Single point of contact all questions related to the IP

Benefits for locations abroad

- Local policies designed to meet local legal and regulatory requirements
- Local cover requirements and compulsory insurance taken into account
- Claims handling considers local legal requirements
- Compliance with local tax and supervisory regulations
- Local contact for any questions related to the local policy

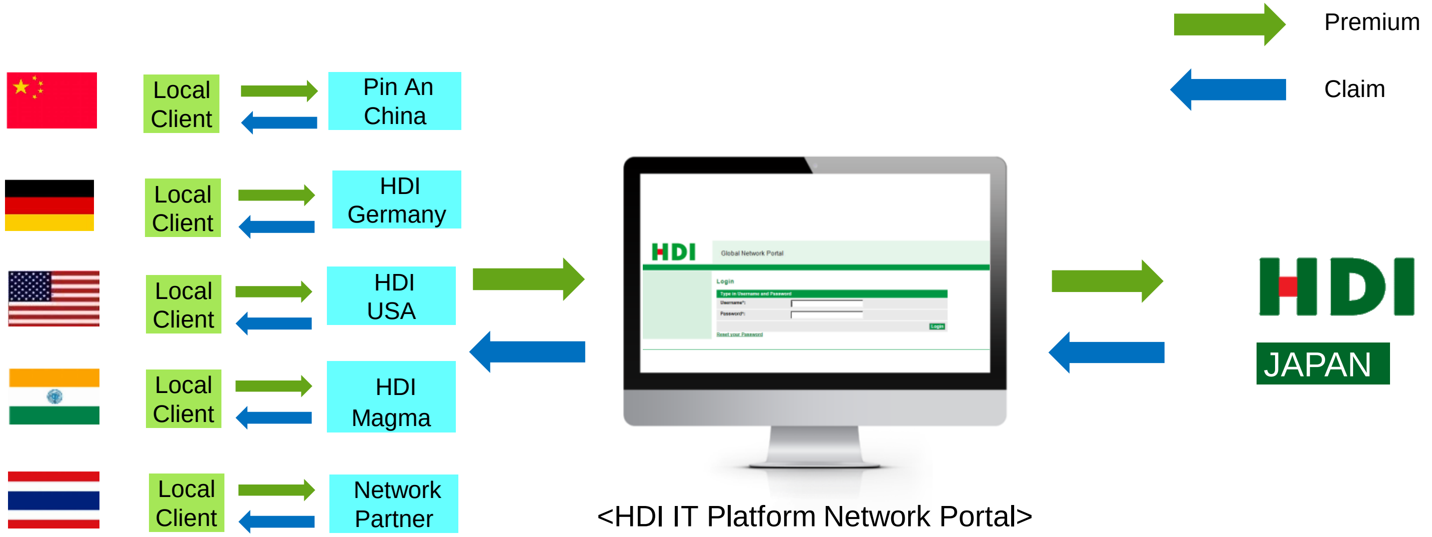
Case study:
Structuring an International Programme (IP)



- Company A is a manufacturing firm based in Japan.
- The company's Japan Master Policy provides a Limit of Indemnity of JPY 10 billion
- Additional local policies in the UK, Germany, Spain and Australia have their own limits, varying from EUR 1 million to EUR 5 million.
- A Difference In Limit (DIL) policy brings the local policy limits in line with that of the Master Policy.
- A Difference in Conditions (DIC) policy provides cover for gaps in the local policies and brings their cover in line with that of the Japan Master Policy.
- The company's overall programme is administered in Japan, providing one point of contact responsible for all matters relating to the company's insurance, regardless of where a query or claim originates.

HDI International Insurance Program

Premium and Claim Flow



Centrally steered quality and service standards worldwide

This creates a reliable data source and fast flow of reinsurance premium / claims between Servicing and Producing Offices

Repatriation of local premium to the Producing Office through a web-based IT platform

| TIMELY

IP-Web puts you in control
Keep track of your International Programme (IP)

24 h
Online Access
English and German

Overview
All relevant data of your International Programme

Premiums and collection, policies, claims (loss ratio)

Management Summary
at a glance

Supports you in handling
your International Programme

Up to 10 years historic information

Download
reports in Excel & PDF

Updated daily:
Policy wording and collected premiums

Updated weekly:
Policy and claims data

Worldwide
all locations

IP-Web System

Demo available in Market Hall

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International Program „Cheat Sheet“

	No IP	Coordinated IP	Integrated IP
Master Policy	Not issued	Issued	Issued
DIC/DIL Coverage / FINC	✘	○	○
Local Policies	Issued by (different) local insurers Fragmented / No Coordination	Issued by (different) local insurers	Issued by same lead insurers
Uniformity and Adequacy of Coverage	✘	○	○○
Ensure Regulatory / Legal Compliance	○	○	○○
Ensure Tax Compliance (e.g. Insurance Tax, Taxation of Claim Payments)	○	✘	○○
Central Claim Handling / Central Overview of Claims	✘	✘	○○
Central Overview of Risk Landscape / Exposure	✘	✘	○○
Central Premium Allocations	✘	○	○○
Interdependency Coverage except CBI	✘	○	○○
Purchasing Power / Consistent & Sustainable Price and Capacity	✘	○	○○
Availability of Coverage with Adequate Pricing (e.g. Thai Flood, US Hurricane) / Susceptibility to Local Market Disruption	✘	○	○○
Ease of Implementation for Risk Manager	Not applicable	○	✘
Ease of Maintenance for Risk Manager	Not applicable	✘	○
Contract Certainty (Transparency, Predictability, Continuity)	✘	○	○○

PVI INSURANCE

Financial Strength Rating
AM BEST
A- Excellent

THE NO.1 INSURANCE COMPANY IN VIET NAM

INTERNATIONAL RELATIONS TEAM

Mr. Duong Thanh Danh Francois

Chairman of Members' Council

Vice Chairman of the Board of Directors - PVI Holdings

General Manager Vietnamese Operations - HDI Global SE

Mr. Do Tien Thanh

Vice Chairman of Members' Council

Deputy Chief Executive Officer

Email: thanhdt@pvi.com.vn

Supporting Divisions

Mr. Chu Tien Thanh

General Manager - Corporate Risks Division

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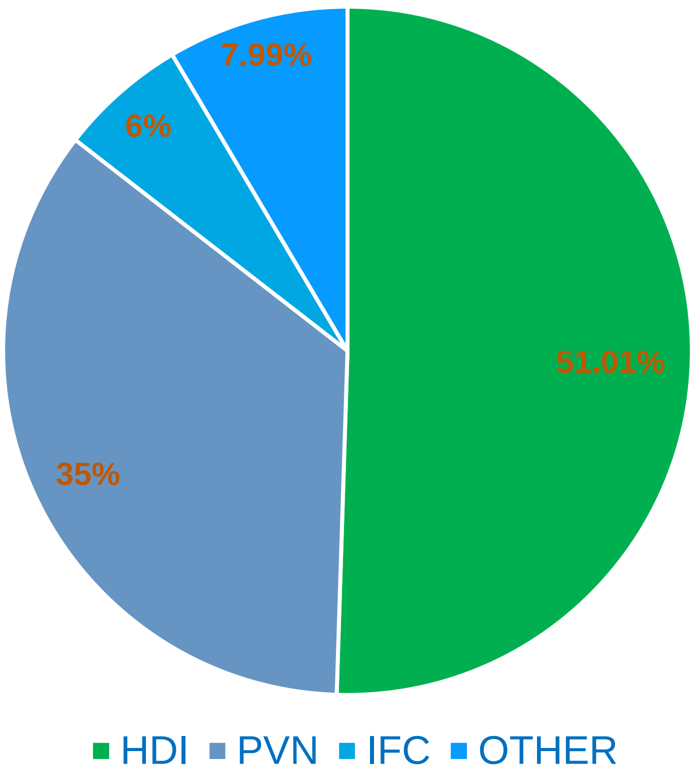
Technical Divisions

PVI holdings
shareholding structure and summary of key shareholders

Shareholding structure



Key shareholders

- HDI Global SE ("HDI")
  - Leading industrial insurer in Germany with S&P and AM Best ratings of A+
  - 100% owned by Talanx AG, one of top 10 largest European insurers
- Vietnam Oil and Gas Group ("PVN")
  - One of the largest conglomerates in Vietnam, accounting for 11% - 19% of the nation's GDP
  - Offers strong support to PVI Holdings
- International Finance Corporation ("IFC")
  - A member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries
  - Has entered into a strategic partnership with HDI Global SE to help strengthen PVI into a leading insurance company in Vietnam and Southeast Asia

PVI HOLDINGS

SUMMARY OF SUBSIDIARIES

In addition to general insurance, PVI Holdings' other subsidiaries include businesses engaged in reinsurance, asset management and investments

- Non-life insurance
- The leading insurer in Vietnam

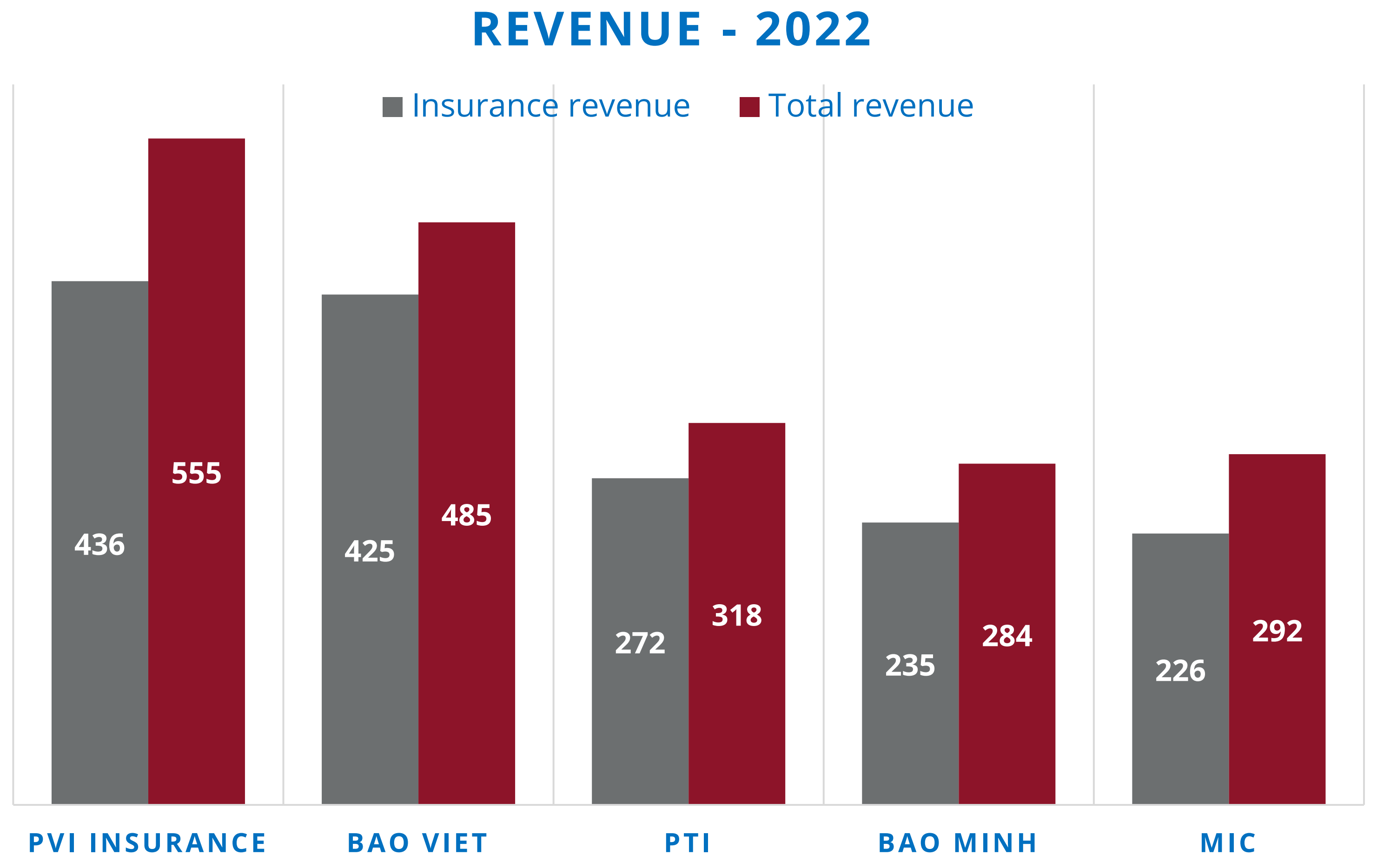
- Reinsurance
- The largest domestic reinsurer in Vietnam

- Asset management and investments
- One of the top ten fund management companies with the largest investment advisory and entrustment value in Vietnam

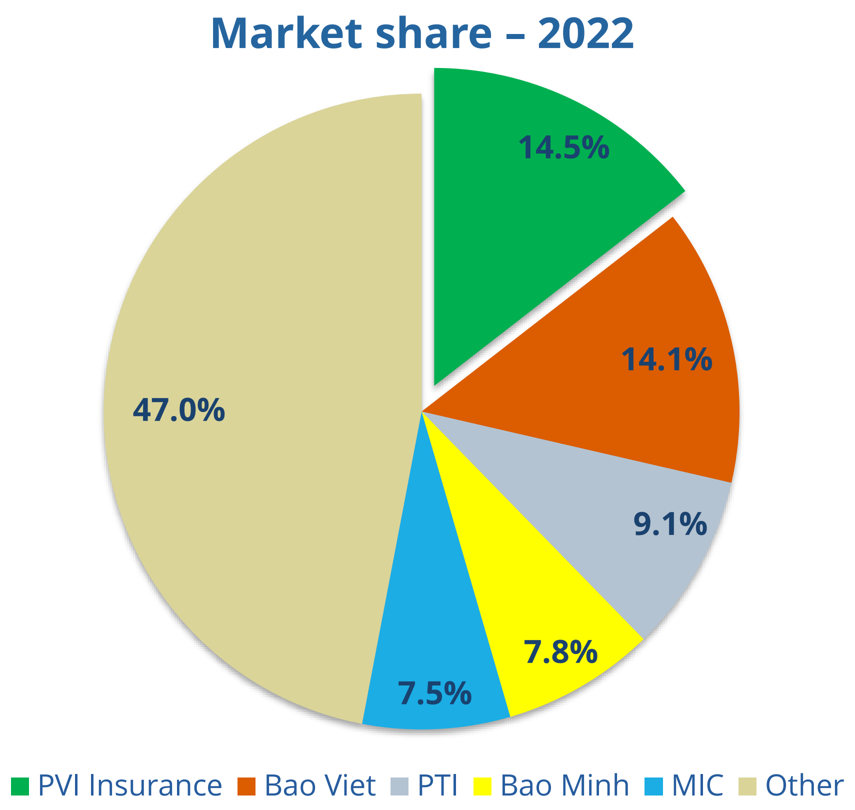
COMPANY PROFILE

Founded	23rd January 1996
Head Office	No.1 Pham Van Bach str., Hanoi, Vietnam
Number of offices	42 branches throughout the country
Sector	Non-life Insurance
Number of Employees	2,500 with qualified education and experience
Rating	A- (Excellent) by AM Best
Award	Top 50 most profitable enterprises in Vietnam for 2021, 2022 and 2023 by Vietnam Report

COMPANY PERFORMANCE



Unit: million USD
Exchange rate: 1 USD = 23,000 VND



The leading Non-life Insurance Company:

- The No.1 Non-life Insurance Company in Vietnam
- The most profitable Insurer
- The highest Equity
- The lowest Combine ratio
- The highest ROE

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Why PVI?

1. No.1 Non-life Insurance Company in Vietnam
2. Financial strength rating A- by AM Best
3. Strong support from Public sector and HDI Global SE
4. Much experience on large / middle size accounts
5. Strong and prudent leadership and well qualified human resources
6. Top 50 most profitable enterprises in Vietnam for 2021, 2022 and 2023
7. Extensive network all over the country

Business Co-Operation & Reinsurance Agreement

- Nov 2011: HDI-Gerling and PVI Insurance Corporation signed the Business Co-operation & Reinsurance Agreement
- From the beginning up to now: Total insurance premium has been increasingly day by day, from VND 3.7bil (equiv USD 160,000) in 2011/2012, and now about VND 100bil (equiv USD 4,1mil)
- We do hope it will be continued to increase strongly in the coming years and develop further.
- Number of local policies issued in 2023: Over 200
- Number of local customers: 160

Main Processes as a Servicing Office within the HDI Global Network

- Establish and maintain contact with the multinational customers' local company(ies) and/or their insurance broker(s) upon being advised by the Producing Office;
- Issue policies and other documentation as required in accordance with details and instructions received from the PO, wherever possible adhering to the principle of "agreed local standard";
- Collect premiums, handle claims, arrange risk surveys (upon request) and generally service local policies;
- Report to Reinsurer and PO electronically through the web-based platform, the "Fronting Web" the particulars of all local policies issued under the Agreement; including claims and claims reserves;
- Advising the PO of any amendments made to any policy issued. The Reinsured/Servicing Office shall have no authority to extend the scope of the cover provided without the prior agreement of the PO;
- Reinsure 100% of the maximum legally possible share of the local policies to the Reinsurer. The Reinsurer will then retro-cede them to the PO. The PO is authorized to retro-cede risks to any third party; and
- Comply at all times with the regulatory, legal and compliance obligations in the specified territories which relate to the performance of the Agreement and the Business.

Applicable Local Regulations

- **Decree 67/2023/ND-CP of the Government on Compulsory Fire and Explosion Insurance, Compulsory Insurance for Construction Investment activities including CAREAR/Professional Indemnity/Workmen Compensation/3rd party Liability, Compulsory Insurance for civil liability of motor vehicles' Owners.**
- **Premium rate shall be followed the tariff attaching to the Decree 67.**
- **Circular 50 of Ministry of Finance on payment terms, in which:**
  - **In case of lump-sum payment: The premium payment period may not exceed 30 days from the beginning date of the insurance period. If the policy period lasts under 30 days, the premium payment period may not exceed the policy period.**
  - **In case of installment payment: The premium payment period of the first payment term may not exceed 30 days from the commencement of the policy period as specified in the insurance policy. Following payment terms are mentioned in the insurance policy entered into between the insurer and the policyholder. The insurer and the policyholder may not change the premium payment period throughout the performance of the insurance policy. In any case, the premium payment period may not exceed the policy period as mentioned in the insurance policy.**
  - **In the event that the premium is not paid as the due date stated in the Schedule, Insurer shall not be liable for any loss or damage occurs. However, after that the Insured has paid to Insurer the above mentioned premium and subject to no loss or damage occurred, the validity of the insurance policy shall be automatically reinstated from the date the Insurer receives the premium.**

THANK YOU

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International Program – Why?

International Program - Why

The International Program should **not** be seen as just another insurance product but a

- tailor-made comprehensive solution which is
- co-constructed or cocreated between the risk manager and his or her insurance partners.

International Program - Why

- The International Program is important tool for the risk manager of a multinational company in his or her strategic risk management tool kit.
- The International Program is a tool to deploy, with a long-term perspective, a groupwide risk management policy – starting with risk mapping and definition of risk appetite.
- The International Program is a precondition for a risk manager to actually manage the company's global deductible or self-insured retention, scope of insurance cover and limits.
- The International Program serves to mutualize the exposure of a multinational company and to pool the premium back to a single point, the lead insurer of the International Program.
  From there, it provides access to a panel of coinsurers and/or the global reinsurance market.
- The International Program is an important stepping-stone to setting up a captive solution.
- The International Program may help to save cost because it reduces inefficiencies of placing insurance policies independently with different insurers in different markets but it should not be primarily seen as a tool to save cost.
- The International Program may help to cope with absence or shortage of capacity in certain markets by bundling the global exposure before accessing the global (re-)insurance market.
- The International Program provides transparency and control of the total global premium spend.

International Program - Why

- The International Program is a tool to become to become a better company.
- The better you manage your risk, the better you protect your balance sheet.
- The better your balance sheet is protected, the more likely you are a good company.
- The International Program is a tool to make your company more competitive.

Thank You!
ありがとうございます

Back-up Slides

HDI Global
as your international insurance partner

- Flexible, client-oriented approach to structuring programmes and premium payment
- One-stop-shop with underwriter as key decision maker for the whole programme
- Service-oriented network with dedicated individuals to deal with all the needs of clients locally
- Local support in over 175 countries via our Talanx Network
- Our regional hubs support our network partners in Asia-Pacific, EMEA and Latin America and are based in those respective time zones for continuity and consistency of service
- Our professional IP experts understand the regulations and hurdles in conducting business in each country
- Direct access to our IP experts

Expertise in IP Programme Management

Claims Management

- Ability to reduce complexity and uncertainty in claims process
- Knowledge of specialist claims handlers located worldwide
- Collaborative work with an array of global loss adjustors to ensure rapid claims settlement and appropriate indemnification

Captive Insurance

- Acts as a direct insurer or reinsurer for a parent company and its subsidiaries
- Great alternative risk transfer method for large multinational organisations with high existing premiums
- Primary purpose: reduce the company's total cost of risk

Claims management in an International Programme (IP)

- Decades of international experience and knowledge alongside our local presence and expertise in local regulations
- Ability to reduce complexity and uncertainty in claims process
- Complex claims benefit from the technical expertise available from large global insurance companies like HDI Global
- Knowledge of specialist claims handlers located worldwide
- Ability to recommend firms providing specialist professional services in local markets to work on our client’s behalf
- Collaborative work with an array of global loss adjustors to ensure rapid claims settlement and appropriate indemnification

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Captive insurance and International Programmes (IP)

- Insurance company that is set up and wholly owned by a noninsurance company
- Acts as a direct insurer or reinsurer for a parent company and its subsidiaries.
- Primary purpose: reduce the company’s total cost of risk.
- Often integral part of a company’s IP
- Can also cover local risks or be used in a purely domestic structure
- Great alternative risk transfer method for large multinational organisations with high existing premiums
- Better value than traditional risk transfer products when evaluated against an organisation’s insurance cost

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