



Trust Risk Control
We are TRC!

From Service Partner to Producing Partner

Utilizing the network to stay ahead of
supply-chain reconfigurations

Global Network Forum, Cannes
30.05.2023

Darius Baltisch | Deputy General
Manager



**GLOBAL
NETWORK
FORUM 2023**

Why now?



The TRC network has historically been focused on...

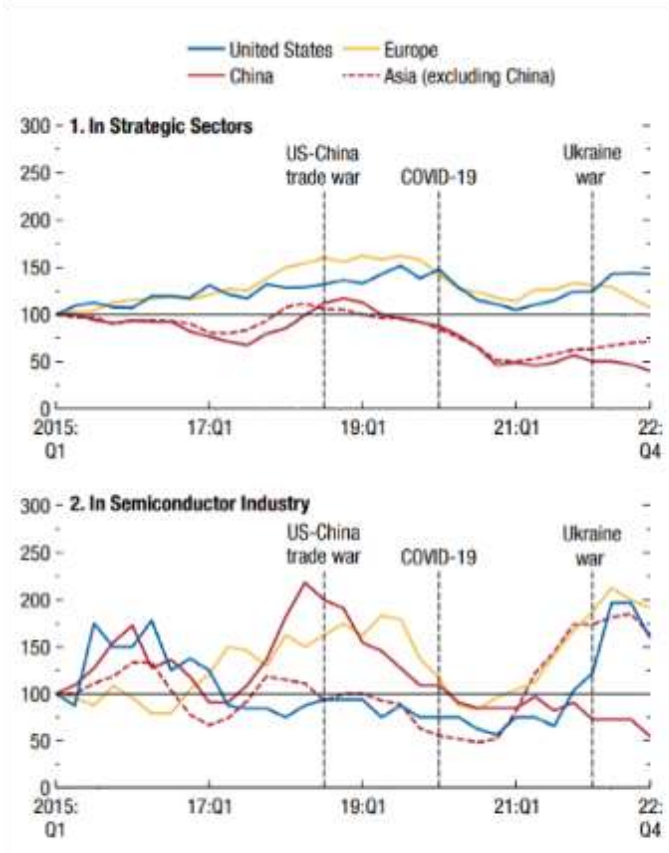
...German produced business primarily

...and has recently seen significant growth in US produced business



However, as we observe a fundamental shift in the global investment climate that affects multinational enterprises across the globe, both in developed and emerging markets, we feel it is the right time to propose the utilization of the network as producer to every TRC member

The Threat of Geo-economic Fragmentation



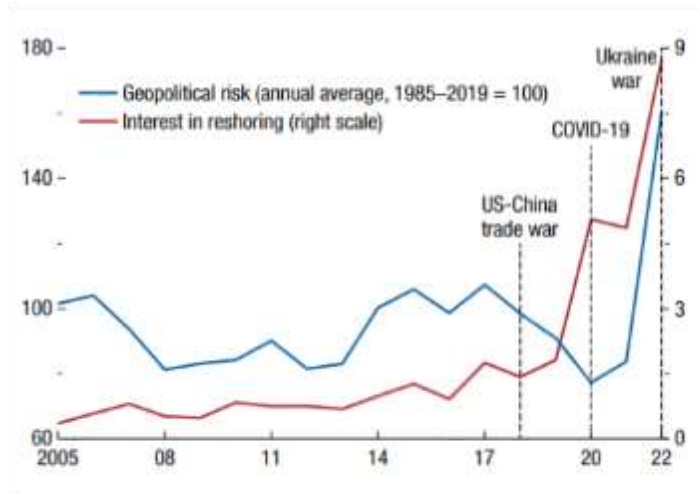
Source: IMF, April 2023 World Economic Outlook
 Note: Number of (greenfield) investments, four-quarter moving average, 2015:Q1 = 100

Rising geopolitical tensions, the COVID-19 pandemic and military conflicts have a lasting impact on the global investment landscape:

- ▶ Past trade wars and protectionist policies, such as the CHIPS acts in the EU and the US or the Inflation Reduction Act in the US, aim to secure regional independence in strategic industries but damage international relations
- ▶ During the beginning of the pandemic most countries had to adapt a more inward-looking perspective, which is persisting still
- ▶ The war in Ukraine and the resulting food and energy crisis has led to increased inflation & volatility that is negatively impacting investor confidence

The Threat of Geo-economic Fragmentation - Continued

Pressure from government policies and uncertainty with the current supply-chain setup, regarding both trade and vertical FDI, give rise to the emergence of new terms in company-internal discussions:



Source: Bailey, Strezhnev, and Voeten (2017); Hassan et. al. (2019), IMF, April 2023 World Economic Outlook
Note: Geopolitical risk index on left scale; frequency of mentions of reshoring, friendshoring or nearshoring in firms' earnings calls on right scale

- *Reshoring?*
 - *Friendshoring?*
 - *Nearshoring?*
 - *Onshoring?*

In the short- to mid-term, companies are likely to reconfigure their foreign direct investments **within political blocks** – showing alignment and enjoying subsidies from either political affiliation towards the West or towards the East

A Return to Global Integration



Increased fragmentation of international business poses significant risks and is projected to have a negative effect on global production & growth:

- ▶ Reduced diversification / „putting all eggs in one basket“
- ▶ Disruption of the existing flow of capital, goods, services, ideas & people across borders
- ▶ Technological decoupling / reduced innovation as applied scale is reduced



Barring further conflict, e.g. an escalation in the South China Sea, which would exacerbate the fragmentation, the world has a chance to return to Global Integration, an environment that proved to be conducive of immense growth, both for businesses and social welfare, especially for emerging economies, over the past 40 years.

Challenges for Brokers



Growing client expectations

As companies are looking for new opportune environments to expand under these new conditions, they will require from their broker to know the ins & outs of the local insurance market & regulations leading to further compliance exposure

Frequency of change

The observable trend towards Fragmentation may create a first wave of change in international insurance structure, while the likely return to Global Integration will result in another wave of change

Cost sensitivity

Inflationary pressures and energy price fluctuations are driving operating costs up, so that insurance prices will be under scrutiny more than ever – even in the current hard insurance market

Advisory & Coverage

Clients may increasingly require their Broker to offer advise on their Supply Chain risks. Furthermore, specific coverages may gain importance, e.g. strike, riots, political unrest, & cyber attacks

How can TRC help?



Access to Technical Sales Support

- ▶ Answers to technical questions relating to international exposures
- ▶ Development of international coverage concepts



Account Management

- ▶ Implementation of local policies and coverages
- ▶ Manage Compliance aspects for local placements
- ▶ Coordinate claims handling with TRC local partner

TRC Network Access

- ▶ Access to brokers in 180 countries for admitted placements
- ▶ German Incoming business via TRC IBA

Access to TRC DIGIT Platform

- ▶ Local policy information
- ▶ Policy Reporting
- ▶ Country Information

Contact



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Subsidiary In Germany

Do we need to get a local broker involved?

Global Network Forum, Cannes
30.05.2023

Marc Disselhoff | Account
Management





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Incoming Policies Germany

Details to consider:

- National and EU Jurisdiction
- Good Local Standard
- Market Tradition

Social Security System

- Workers Comp: Government Schemes
- Health Insurance – Mandatory
- Other Government Schemes:
 - Pension
 - Unemployment
 - Nursing care expenses

No broker support or involvement!



Liability



- Limit of €7,500,000 is minimum standard
- Environmental Liability / Environmental Impairment
 - Various coverage forms to be considered
 - Hostile Fire
- Recall Coverage common for certain sectors
- Motor Liability strictly separated from CGL
 - no Umbrella



Property And BI Insurance



- Standard: Enumerated Perils
- Environmental Liability Exposure
- Nat Cat Exposure
 - Earthquake
 - Flooding
 - Windstorm
- Indemnity Period Up To 36 Months

Claims Handling



- Claims Process guided by broker
 - One incident – numerous claims
 - Quality Management
- Complex Legal System
- Language Barrier
 - Status update by TRC



Mandatory And Recommended Coverages



- Motor Liability for Forklifts
- Environmental Liability
- Environmental Impairment
- Criminal Legal Protection Insurance
- Requirements according to employment contracts
- Other contractually required coverages



European Submaster And FOS



- Non-Admitted-Policies are not compliant from outside of EU
- Non-Admitted-Coverage is legal within EU, though
 - FOS coverages can be added to Local Policies issued in EU Countries
 - Submaster
- National Premium Tax applicable
- Full Control
- BI interdependencies





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Thank you for your attention!