

Protecting Your Global Operations

It is essential for leaders of US-based organizations with international operations to have a clear understanding of how foreign insurance regulations impact the insurance policies they purchase. Failure to comply with these regulations can result in significant risks, including coverage gaps, insufficient insurance protection, regulatory violations, fines and penalties, tax complications, and potential reputational harm. Implementing locally admitted policies is an effective way to address these risks while aligning with local compliance requirements.



When Should a Locally Admitted Policy Be Considered?



When Required by Local Regulations

Certain countries require that insurance contracts be issued by an insurer licensed within the country or territory where the risk is located – this is known to as “admitted insurance.” These requirements are often implemented to safeguard policyholders’ interest or to support the local insurance market.

In countries such as Argentina, Brazil, India, and China, non-admitted insurance is generally not permitted.

Potential Consequences of Noncompliance:

- Inability to settle claims within the local jurisdiction
- Fines and penalties
- Tax complications
- Reputational harm
- Loss of business or operating license
- Legal repercussions, including detention or criminal prosecution of local directors or officers

It is important to note that regulations surrounding non-admitted insurance are subject to change, and even in jurisdictions where it may be allowed, specific conditions or exceptions often apply.

When Locally Admitted Policies Are the Optimal Solution for Managing Foreign Exposure.

Even in jurisdictions where non-admitted insurance is permitted; companies and nonprofits may find that locally admitted policy offers distinct advantages.

Advantages, may include:

- **Local Claims Handling:** Claims are managed locally, often with English speaking claims handlers available in most countries worldwide.
- **Tailored Coverage:** Policies are specifically designed to align with the rules and regulations of the foreign jurisdiction, often referred to as the “[good local standard](#).”
- **Compliance-Driven Risk Solution:** Locally admitted policies address critical compliance considerations, such as:
 - Whether the jurisdiction mandates the use of a local broker.
 - Whether local commission is permitted, and if so, whether there are mandatory commission percentages or requirements.
 - Whether local premium collection is mandatory.
 - Whether the jurisdiction operates under a “cash before cover” rule, requiring all premium payments to be received before coverage begins.
 - Whether the jurisdiction imposes a premium tax that must be paid by the insured.
 - Availability of local policies translated into English

Why Now?



Today’s companies and risk managers are navigating an increasingly complex and interconnected risk landscape. For organizations operating across multiple geographies, these risks are amplified by rapidly evolving geopolitical environment and economic market volatility. Additionally, heightened regulatory scrutiny has become a significant area of concern as countries focus on:

- Actively monitoring the financial solvency of foreign companies and nonprofits operating inside their borders.
- Increasing oversight of regulatory compliance to ensure adherence to local laws and standards.
- Conducting more frequent tax audits of foreign organizations, with a focus on maximizing tax revenue.
- Introducing new legislation to strengthen local rules and regulations.

Why Private Companies and Nonprofits?



Historically, public companies were the primary purchasers of locally admitted policies with Directors & Officers (D&O) coverage being the most commonly purchased. However, at Chubb, we now see a greater number of non-publicly traded organizations purchasing management liability, professional errors & omissions, and cyber locally admitted policies.

This growing interest and demand among private companies and nonprofit leaders can be attributed to several factors:

- **Increased Awareness of Risk:** A heightened understanding of the personal liability and business risks associated with operating internationally.
- **Evolving Global Landscape:** The increasingly complex global business, political, and regulatory environment.
- **Recognition of Compliance Needs:** Greater awareness of the importance of locally admitted policies to meet jurisdictional requirements.
- **Recognition of Contractual Compliance Needs:** Increased awareness of the critical role locally admitted policies play in fulfilling contractual requirements
- **Cost-Effective Solutions:** The availability of affordable options for securing locally admitted policies tailored to the necessary coverage.

Why Choose Chubb?



At Chubb, we understand the complexities and challenges posed by interconnected risks in today's global business environment. For decades, we have been delivering globally connected, locally admitted insurance solutions to multinational organizations. With operations in 54 countries and territories and a network spanning over 200 countries, we operate under measured and published service standards.

Our expertise combines worldwide underwriting and claims capabilities, a dedicated global program services team, a broad product portfolio, innovative Chubb Worldview technology, and financial strength. Together, these resources enable us to help you manage your multinational risks.

Tailored Solutions for U.S. Multinationals

Chubb offers a comprehensive [range of insurance products](#) designed to:

- Address local insurance and regulatory requirements.
- Mitigate coverage gaps that may arise from limitations in U.S. Master policies.
- Supplement coverage when locally admitted policies prove insufficient in the event of a claim.

Our insurance solutions are customized to meet the unique regulatory and insurance needs of jurisdictions worldwide. For example, our U.S. Master policy, such as [The ForeFront Portfolio®](#), paired with locally issued policies, provides enhanced protection through specially crafted global program language. This includes Difference in Conditions (DIC) and Difference in Limits (DIL) clauses, as well as a seamless coordination of claims across jurisdictions.

Navigating a Changing Landscape

In today's rapidly evolving geopolitical and international business environment, U.S. based multinationals must understand how foreign insurance regulations may impact their policies. As the regulations tighten and risks grow more complex, Chubb is here to guide you through this shifting terrain with expertise and confidence.

About Chubb

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Navigating the complexities of multinational insurance can feel overwhelming. Did you know that countries like Argentina, Brazil, India, and China prohibit non-admitted insurance? Noncompliance with local regulations can result in fines, penalties, and even criminal liability for local directors.

#InternationalBusiness #InsuranceCompliance #AdmittedInsurance #Chubb



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