



International Benefits Committee

June 7, 2007 – New York City

The International Benefits Committee (IBC) held its fall meeting, participants included:

| | | |
|-----------------------|---------------------------|--------------------------|
| ACE-INA | GlobalSantaFe | MasterCard International |
| AEGON Pension Network | Hewitt | NFTC |
| Aetna Global Benefits | HRS & Associates | Pfizer |
| AIG | Ingersoll Rand | Prudential Financial |
| All Net | ING Employee Benefits | Sherwood Solutions |
| Bristol-Myers Squibb | Johnson & Johnson | Tiffany & Company |
| CIGNA | LMG Benefits | Towers Perrin |
| Citigroup | Lockton Companies | Tyco Electronics |
| Colgate Palmolive | Norfolk Mobility Benefits | Tyco International |

Open-Forum Discussion: Work-in-Progress

The meeting commenced with an open-forum discussion on current projects such as:

- Post-retirement cost-of-living adjustments to meet inflation. Questions are how frequently and how much. A company in the UK is planning this for first time; concern is how to communicate to retirees who expect an annual adjustment
- Germany
 - “Rule of 90,” implemented in 1996 for an unreduced pension, has been extended indefinitely for currently eligible employees; for other employees the rule will no longer apply
- South Korea
 - Introducing a pension plan to replace unfunded severance plan; One company is considering a DB
- Ukraine
 - Proposal received for an insured pension plan (not typical in Eastern Europe/Russia)
- TCN Pension Plan
 - Concern over cost of plan
- Closing down of an international business unit will result in vested pension rights
- Canada
 - Although company no longer present in Canada the employer has 1200 retirees, the Canadian government wants to hold the assets
- China
 - Hong Kong expatriates now required to be covered by a China-based insurer
 - Introduction of Enterprise Annuity; question is interest of employees (seems limited at present)
- Wellness management international – need to understand cultural nuisances
- Governance of small plans within larger corporation



International Benefits Committee

June 7, 2007 – New York City

- Legacy Pensions
 - Consulting firm helping clients assess liability levels (i.e. of closed DB plans), especially equity risk and interest rate risks
- Asia-Pacific Region
 - Looking at defining Gratuity Plans
 - Company convened meeting of HR managers in region to help train managers and to emphasize governance
- Health and Productivity Management
 - Insurer sees trend to expanding internationally, with understanding of cultural issues
- Medical screening of Expatriates to identify potential medical problems/needs for assignee or household member prior to and while on assignment
- Medical Tourism
 - Rise in people getting treatment in other countries for cost reason versus past “tourism” for quality of treatment; question is assessment of quality
- Brazil, China and Russia
 - Expansion of financial institution resulting in expansion of local benefit plans
- Mexico
 - Looking at retiree health plans for 4500 employees
- Retiree Health Coverage for Expatriates
 - Insurance company beginning to provide coverage in country expatriate retires to, only if it is other than their original home country
- Italy
 - Working on offering of eleven pension plan choices
- Belgium and UK
 - Benchmarking study of other corporations
- Japan
 - Looking at a DB/DC plan

Leveraging Technology to Improve Effectiveness of Multinational Pooling

Kevin Gregson of Sherwood Solutions described tools available to help better identify risk and manage insurance liabilities via multinational pools. He has witnessed a renewed interest in using Captives.

Challenge is educating local and regional management and to avoid disrupting local relations with advisors or brokers. End goal is to provide the value proposition and the alternatives solutions.

The Sherwood Solutions product includes analysis of existing Multinational Pool relationships. From there it can analyze Allocation Modeling and historic surpluses or deficits by country. The tool can also articulate functional roles and responsibilities.



International Benefits Committee

June 7, 2007 – New York City

Kevin then provided an update on the increased usage of Captives. The Department of Labor has eased process to establish a U.S. Captive. Greatest value is where employer has operations in highly regulated or immature markets. An alternative is a Segregated Cell Captive.

Global Health Risk Manager: Awareness, Understanding and Action

Susan De Gregorio of Hewitt Associates reviewed global demographics where people over age 60 will soon outnumber those under age 4. This is a predictor of higher future medical care costs globally.

Chronic diseases and disabilities are on the rise worldwide (diabetes, obesity, high blood pressure, heart disease and cancer). No national system can fully cover the expenses that are rising from these medical conditions. Besides direct costs there are additional costs in lost work productivity.

The debate is centering on what is “medically necessary”?

High rates of increase in medical insurance will impact even developing countries such as India and China.

Employers will need to be more proactive in:

- Procurer and Supplier Management
- Subsidy Support
- Coverage Decisions
- Health Promotion
- Absenteeism Management

Recommendation is to have a true global health risk management strategy

Meeting Close

The meeting closed with tributes to Phil Wright who passed away in March 2007. Colleagues who knew him from his years with Johnson & Higgins and ASA bid him a fond farewell. He is greatly missed.

| |
|--|
| <p>The next International Benefits Committee (IBC) meeting will be at the Yale Club of New York on October 11, 2007.</p> |
|--|