

## **Practice Plan Good News Story**

**27/02/07**

### **Putting Joined-Up Thinking Into Practice**

The Group strategic priorities for 2007 include, "excellent customer service", "leading international business" and "increasing insurance income." Collaboration between HSBC Bank, North West Corporate Centre ("HBEU") and HSBC Insurance Management ("HIM") during the second half of 2006 has got 2007 off to an excellent start in respect of these specific priorities relating to a customer of HBEU – Practice Plan Ltd ("PPL").

PPL is a privately owned UK company, which has been in business for over 10 years and has been a customer of HBEU for 1.5 years. Its core business is the creation and subsequent administration of personalised private membership schemes for a large number of dental practices in the UK. PPL has over 550,000 patients registered with dentists under its various membership schemes. Patients normally subscribe to a monthly renewable plan via direct debit, which includes insurance cover for Worldwide Dental Trauma and Emergency Callout. Since starting its business, PPL has used a third party insurer to underwrite the insurance element of the schemes, although PPL handle all of the premium collection and claims settlement process under an insurance agency agreement.

During discussions between Andrew Pate, the PPL Corporate Relationship Manager, Steve Turnock, PPL's Managing Director, and Nick Dilworth, PPL's Finance Director, it became apparent that there were potentially significant advantages for PPL in establishing their own insurance company to underwrite this risk. Andrew won an appointment for HIM to prepare a feasibility study, in competition with other advisors, to evaluate whether it would be financially beneficial for PPL to establish its own insurance company.

The HIM feasibility study concluded that PPL could retain income previously paid away to a third party insurer and also put the purchase of insurance solely within their control, thus enhancing their overall Group value. On the basis of this report, Steve Turnock decided that PPL would establish a wholly owned subsidiary insurance company, to be located in Malta, which would be managed by HIMs recently established local insurance management company.

The feasibility study involved liaison between HIMs operations in Guernsey, Malta and the London Head Office. It was important for PPL to be able to issue insurance policies directly to their client base in the UK and Malta was chosen for this reason. Being a member of the EU, insurance companies in Malta are able to issue policies directly into all EU member states, including the UK. In addition, Malta's growing infrastructure and support for captive insurance companies, combined with the Group's substantial insurance management, fund management and banking operations on the Island made it an ideal location for PPL's new insurance company.

Steve Turnock, Managing Director of PPL said "The decision to set up an insurance company in Malta with HIM has been a very good move for our business. We now have total control over the insurance scheme, which is a key commercial element of our business. HIM were excellent in leading the project to gain the insurance licence, and are now the managers of the insurance company. The links with HBEU have also demonstrated that their strategy of "joined up thinking" is working very well. Right from the beginning, the effectiveness of the team working between ourselves and HSBC has been a constant factor in the success of the relationship."

Peter Walker, CEO of HIM said "I am delighted that PPL has chosen HIM to manage their insurance subsidiary company. PPL is our first third party client for our recently established insurance management presence in Malta. This is a first class example of the benefits to be gained by customers of the Group arising out of co-operation between banking operations and service providers, such as HIM." He is confident that there will be many more similar

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opportunities for HIM to work closely with our corporate and commercial banking colleagues around the world.

HIM is the marketing name under which the HSBC Group provides third party administration services for insurance/reinsurance companies, captive and cell captive insurance companies and risk retention groups. Headquartered in London, HIM operates in some of the worlds leading captive domiciles, including Bermuda, Grand Cayman, Guernsey, Malta and certain States in the USA, including New York, South Carolina, Washington DC and Vermont. HIM is one of the worlds largest independent insurance management companies with approaching 200 client relationships, across a wide spectrum of industries.