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Kraft
Foods

CLIENT FOCUS





KRAFT FOODS TURNS

TO AON FOR GLOBAL SOLUTIONS

➤ AN INTERVIEW WITH CINDY SLUBOWSKI, SENIOR MANAGER, CORPORATE RISK MANAGEMENT

With annual revenues of \$42 billion, Kraft Foods Inc. is the world's second largest food company, selling products in 150 countries around the globe and employing 100,000 people who work tirelessly to make delicious foods. From American brand icons like Kraft cheeses, Maxwell House coffee, and Oscar Mayer meats, to global powerhouse brands like Oreo, Tang powered beverages, and Toblerone chocolates; Kraft Foods delivers millions of smiles to consumers every day.

In the fall of 2008, Kraft Foods was faced with two global risk and insurance challenges. The company needed a sophisticated risk management information system (RMIS) to consolidate all its insurance policy and property risk information. In addition, it required a global brokerage firm to bring worldwide consistency to its risk management services and international casualty insurance program.

We spoke with Cindy Slubowski in corporate risk management and Michael Heimburger in international risk management at Kraft Foods about why they turned to Aon for a global technology and service solution.

An international data platform

In 2007, Kraft Foods spun off from its parent company, Altria Group, Inc. "At the time, there was virtually no aggregated information, regarding insurance policies or exposure information," said Cindy Slubowski, senior manager, corporate risk management at Kraft Foods.

"As a result, our first critical step was to establish an international data platform," said Slubowski. "After reviewing several risk management systems, we selected Aon RiskConsole, since it presented the best overall solution. It offered several different modules, from which we were able to pick and choose the specific components we required. In addition, we knew the system was flexible and could be configured to meet our specific global business needs."

"Using RiskConsole, we will be able to aggregate data across our entire U.S. and

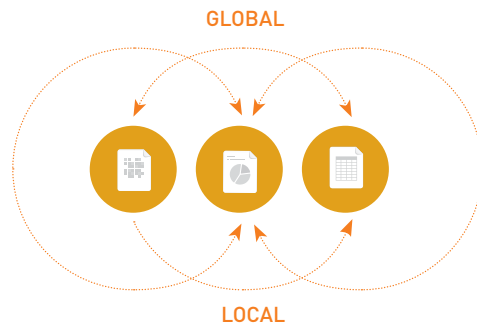
international programs. For example, the Policy Module will enable us to collect, monitor, and manage information on our global and locally placed insurance policies. With an understanding of coverage on a global basis, we'll be able to optimize coverage and premium spending. We'll also leverage this intelligence to formulate an effective risk management strategy into the future," said Slubowski.

Regarding its property coverage, Kraft Foods traditionally utilized a time-consuming, manual process to compile annual renewal information – such as COPE data (construction, occupancy, protection, and exposure), property claims, and detailed financial valuations. In the past, the company had to extract this information across several systems and request data from various global locations and insurance providers – then staff members spent hours consolidating this information into spreadsheets. RiskConsole's Property Module will centralize all property risk information and streamline data collection efforts.

"We needed to collect this information in an efficient, proactive and timely manner, as well as to present data in a format that was easy to review and modify – particularly around property renewal time," said Slubowski.

Kraft Foods is conducting a phased implementation of RiskConsole. The first phase will oversee the rollout of the Policy and Property Modules, which will be customized to meet the company's unique requirements. These modules will pull in information from the Aon Global Account Management System (GAMS) and other data sources in order to consolidate worldwide policy and claims information.

Future phases will include the implementation of RiskConsole's Litigation Module. In the past, Kraft Foods had no way to track historical claims, which were self-insured and still undergoing legal action. With the Litigation Module, the company will be able to track these claims and obtain a comprehensive picture of claims activity.



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Aon Global Client Network

In addition to RiskConsole, Kraft Foods officially selected Aon Global Client Network (AGCN) to provide global risk management distribution services and to broker its international casualty insurance program.

"We have 120 active affiliates in 68 countries," said Michael Heimburger, director, international risk management at Kraft Foods. "We wanted a more consistent, streamlined process across our global operations. Having worked with Aon for more than eight years in Latin America, we knew Aon had the capabilities to deliver excellent service on a global basis."

As part of its global servicing, Aon will communicate with the company's international offices to review and bring standardization to insurance policies, gather greater detail for its global insurance program, and ultimately centralize all policy information into RiskConsole. International servicing combined with a global data repository will streamline operations and automate what were once paper-based processes. In addition, consolidated data will help to detect any coverage overlaps and reduce exposure through the identification of any gaps in coverage.

Leveraging global synergies

"Aon presented an overall winning proposal – it's a strong global broker with favorable pricing and

advanced technology. Using RiskConsole as our data platform in conjunction with Aon's brokerage services, there will be tremendous synergies. Since my origin in the insurance industry 21 years ago, I've worked with Aon in some capacity. They continue to provide excellent service throughout the world and have the capability to grow with our company's global business needs," said Heimburger.

"Globalization represents a permanent change in the way our clients are conducting business," said Kathy Burns, chief executive officer of Aon eSolutions. "Clients are striving to increase worldwide sales and gain international market share, all while managing complex and ever-changing global business risks. With our global structure, we're better able to meet the needs of global clients like Kraft Foods. We not only deliver a multi-lingual, multi-currency technology platform, but we're also tied into other divisions of Aon. Thus, we have access to an expansive knowledge base that leverages local, regional, and global expertise."

"We have already leveraged Aon eSolutions' global structure," said Slubowski. "Key members of our risk management team have received in-person technical support. Implementation of a truly global system can be quite complex, which is why the rollout has taken longer than anticipated. But, Aon eSolutions' role and assistance during this process has been instrumental in ensuring a solution focused on delivering everyday business value and impact to our international clients. In the end, the extra time it's taken to implement the system will be worth the effort." x

FOR MORE INFORMATION

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