

From the Editors: Thanks for Calling, How May I Help You?

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How often has each of us heard those words but with a pleasant foreign accent? The fact that it has become commonplace to have our customer service hotlines directed to service centers in such places as India is evidence of the pervasiveness of outsourcing and investment in this part of the world. For this reason, we are focusing this month's publication on the two largest and fastest growing markets on the Asian continent, China and India.

China and India both present huge direct growth opportunities for U.S. insurance carriers and intermediaries. Key factors creating this opportunity include:

- **Size:** China and India are the world's two most populous countries, each with populations well in excess of 1 billion.
- **Growth:** China and India's estimated 2005 GDP growth of 9.9 percent and 7.60 percent respectively are multiples of the growth rates seen in most established western markets.¹

- **Access:** Both countries are increasingly opening their markets to foreign companies.
- **Penetration:** Insurance spending as a percentage of GDP is under 2 percent in both countries as compared to more than 8 percent in the United States and more than 10 percent in Japan.²

U.S. insurers and intermediaries are presented with similar growth opportunities as they develop products and services to meet the risk management needs of their U.S.-based customers who are establishing operations and/or outsourcing services to these countries. In India, the abundance of low-waged yet skilled and educated workers is particularly suited for establishing call centers for U.S. high-tech businesses.

The articles in this issue of *IQ* each focus on different dynamics within these markets. Our first article, written by Aaron Coby of AIG WorldSource,

discusses India's insurance regulatory structure addressing current issues and trends such as detariffication as well as providing a historical foundation. Our second article, written by Carl Bach of ACE Global Solutions, discusses various aspects related to managing business risk in China, and suggests qualities that risk managers should consider in choosing their insurance partners. Finally, Derek Wong of Wilson Re, writes from a Chinese national's perspective on the importance of the three "Rs", relationship, range of products, and regulation, in doing business in China. It is here where you will learn the worth of "Guanxi." ■

Endnotes

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On the Threshold: The Modern Insurance Market of India

by P. Aaron Coby



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Recent growth of India's economy is among the most impressive in the world. As the fourth largest contributor to Global GDP growth in 2005, behind only the United States, China, and Japan, many observers are predicting annual growth of 8 percent into the foreseeable future. This growth transcends across multiple industry sectors, including of course, the insurance market. Although India's insurance industry is more than a century and a half old, it was not until 1999–2000 that it liberalized and opened up to foreign companies. Since then, the insurance market has experienced 18 to 20 percent growth per annum. Today India is on the verge of its next milestone, the scheduled detariffication of the insurance market in January 2007.

Detariffication represents a drastic departure from the old monopolistic insurance regime. Predictably, it stands to revolutionize the industry as a reflection of India's development, modernization, and globalization—the effects of which will undoubtedly bring significant challenges and opportunities in the sector, and require unprecedented corporate maturation and responsibility, and national regulation.

A Brief History

The modern insurance market in India is built on the Insurance Act of 1938 and the fundamental legislation it established. Shortly after the country's independence on August 15, 1947, the government passed the first of two acts nationalizing the industry. The first, passed in 1956, nationalized the life insurance industry. The second, passed in 1972, nationalized the general insurance industry and established a single holding company, the General Insurance Corporation of India (GIC) and four centrally run subsidiaries, effectively bringing all industry players under a single monopolistic umbrella.

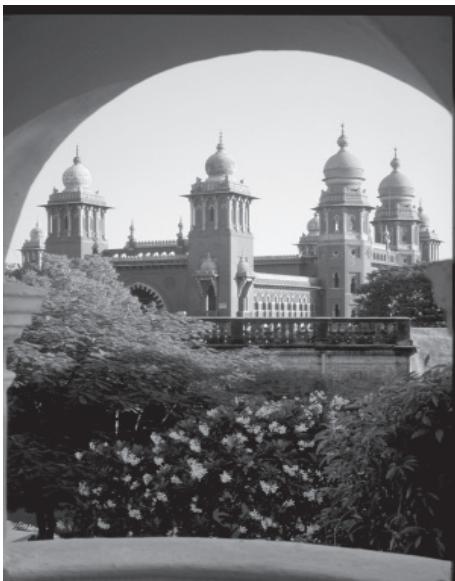
Spurred by the formal recommendation of the Malhotra Committee in 1994, the Indian insurance market opened its doors to foreign companies in December 1999 with the enactment of the Insurance Regulatory and Development Authority Act. The act established a federal regulation committee, the IRDA, and permitted the issuance of licenses to foreign companies.

The 1999 IRDA Act was unquestionably a monumental step for the Indian insurance market. Since liberalization, Foreign Direct Investment (FDI) of more than Rs.8.7BN (approximately U.S. \$193 million) has flowed into the market, prompting the development of new products and the establishment of a modern industry infrastructure. That said, many ties to the old monopolistic regime remain:

- Entry, exit, and general capital requirements are all centrally regulated by the IRDA.
- Foreign companies can only enter the market by partnering with domestic Indian insurance companies, and foreign ownership may not exceed 26 percent.
- Companies are required to invest 45 percent of non-life insurance fund assets in government and government-approved securities.
- A compulsory 12.24 percent tax is levied on all insurance premiums with the exception of marine cargo, personal accident, and healthcare.
- Seventy percent of non-life gross premiums are subject to tariff.

Indian Insurance Tariffs: A Necessary Step?

Since its formation, the IRDA has been responsible for regulating insurance transactions, from approving policy terms and conditions, to new product development, premium rates, and of course, tariffs.



Unlike traditional protectionist tariffs—generally employed to protect domestic companies from foreign competition by artificially driving up the price of imported goods and services—Indian insurance tariffs are not discriminatory and manifest themselves in the form of listed rates, to which all companies—domestic and foreign—must abide. The implementation of such tariffs has been a relatively common practice at one time or another throughout Asia.

The general theory supporting this practice holds that in establishing and regulating common and pre-approved rates for all companies, the industry can largely mitigate the catastrophic vulnerabilities inherent in fledgling industries or industry structures. Put another way, the 1999 market liberalization—although generally received as a positive and necessary step—brought significant perils.

First, new companies with largely untested best practices, informal rating guidelines, limited product diversity, inexperienced underwriters and management, and numerous efficiencies challenges, now for the first time would face competition; and the competition of course, would come in the form of multi-national joint ventures armed with well-established best practices and self-regulation procedures, modern technologies, product development

resources and know-how, and seasoned management. Young domestic companies would simply not be as efficient; and in the absence of a mechanism that leveled the playing field, such companies would likely be forced to lower their rates to inadequate and unsustainable levels, compromising the industry's foundation.

Second, in liberalizing the insurance sector, India effectively removed the central regulation authority, the state-run monopoly. The GIC's role under the new regime was in question, and the newly formed IRDA was now responsible for taking over the reigns of industry oversight and regulation. Liberalization, of course, magnified the importance of this regulatory function.

Tariffs, therefore, could be and were perceived—particularly at this stage in the industry's development—as an essential tool to preserve the industry's integrity and the very atmosphere of competition, growth, and development that liberalization seeks to achieve. Practically speaking, although tariffs limited the degree to which companies freely competed, they would in the process, give both younger companies in the public and private sectors, and the regional regulatory authorities, time to develop. Thus, preserving the very backbone of the industry.

Inevitably though, this development would be limited in scope and temporary.

Progress Under Tariffs

Liberalization has had a profound effect on the Indian insurance market for both private and state-run insurers. Private sector companies have been growing aggressively, developing new products and building sales and distribution infrastructures. Further, private players have increased market share from 6 percent in 2002 to more than 27 percent in 2005.

The four state-run companies have also benefited from competition, streamlining operations, investing in IT technology, and launching new products.

However, anticipated limitations of this progress are growing more apparent with time. In a recent interview, Dalip Verma, managing director, Tata AIG General Insurance Company, stated that “Presently, almost all constituencies of the insurance market: consumer (corporate as well as individual) and also insurance players are mooting for a de-tariffed regime so that cross-subsidization of risk mitigation is avoided.”

Indian Insurance Tariffs: Inhibiting True Industry Development

Indian insurance tariffs are a legacy of the state-run monopolistic regime. Tariffs may have been a necessary tool employed to preserve the integrity of a young industry, but they contradict free-market principles. Tariffs represent a temporary solution to a long-term problem, one that stifles competition, and thereby impedes industry progress and prevents the Indian insurance market from realizing its true potential.

Under a tariff regime, companies may find it difficult to profitably offer certain products without the ability to actuarially and freely price those products. That is, the competitive advantages gained in a free market through investments in IT technologies, best practices, employee training programs, and other general efficiencies, are marginalized. As such, there may be little incentive and/or ability to enhance existing products and services and develop new product lines within this regulatory system. Conversely, those companies in a more infant stage are to a much lesser degree (than in a free market), encouraged or rather, required to make similar investments.

A second common consequence of the tariff regime is companies may revert to more artificial means of competition such as inflated commission rates and rebating; that is, when their ability to compete under free-market principles is restricted. Ultimately, this strategy costs the consumer and engenders unfair business practices.

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Finally, from a consumer perspective, companies able to develop and provide products below the tariff rate, are simply not permitted to do so. Costs, therefore, are driven artificially high.

The tariff regime in India marginalizes the industry's progress on virtually all levels and has pushed the industry closer to detariffication. The industry as a whole has been preparing arduously to confront the inevitable perils of this approaching milestone.

Lessons Learned

India is not the first country to detariff its insurance market. With a number of precedents to learn from, the recipes for success and failure are clearer now than in the past.

Indonesia, for example, detariffed the insurance industry in 1988. Today, they are on the verge of re-implementing the very tariff regime that was dissolved over a decade ago. True, the 1997 Asian economic crisis had devastating effects on the country's economy as a whole, put immense pressure on the entire insurance market, and led to the collapse of many companies. That said, it was poor regulatory enforcement that failed to prevent the unsustainable rate freefall that ensued.

Indonesia highlights the potential downside of detariffication when corporate maturity and more importantly, a well-established regulatory authority are largely absent.

Contrary to Indonesia is Malaysia. Malaysia has consistently resisted pressures of detariffication, recognizing the intrinsic dangers. "We were afraid of detariffication and the inherent risks of spiking commissions and inadequate rates even though tariffs made the product unhealthy," says AIG Malaysia senior vice president and expert on tariffs and detariffication, Baharudin Hamzah. According to Hamzah, who over the past nine years has served as president of the insurance association responsible for

founding the Insurance Office of Malaysia (ISM), "establishing an effective mechanism of regulation is the key to successful detariffication."

For almost a decade, the Malaysian insurance industry and Central Bank have been working with the World Trade Organization to accomplish just that. This work has produced a number of fiscally responsible regulations such as a fixed 10 percent commission rate, cash before cover, and high degree of corporate transparency realized through frequent and highly regulated audits conducted by the Central Bank and Insurance Office. Last year Malaysia reached its own milestone with the formal establishment of the ISM, the national regulatory authority. The ISM was modeled after the United States' ISO, and like India, Malaysia is about to embark on detariffication of the insurance industry.

Dtariffication in India: The Outlook

With India's recent and projected economic growth, the country can ill-afford an end result like that of Indonesia. The country's preparation however, reflects an acknowledgement of this reality.

There are two main documents governing India's detariffication, the Road Map, and the New File and Use Guidelines. The Road Map, set forth by the IRDA, establishes certain milestones of corporate governance such as:

- separating the functions of underwriting and rating from business development
- specialized and pre-approved underwriting training programs
- internal audit procedures of individual underwriters
- appointing in-house actuary and compliance officers

The Road Map also establishes the role of the Tariff Advisory Committee, responsible for data collection, monitoring the general health of the

market and reporting to the IRDA, and organizing corporate training.

Second, the New File and Use Guidelines lays out the IRDA requirements for filing and receiving approval for new products. For example, insurers will be required to submit rates, rate justification and strategy, profit expectations, delegation of underwriting authority, product packaging, and product design, all thoroughly scrutinized by the IRDA.

From a corporate standpoint, the sector has a lot of momentum pushing it in the right direction. According to Verma, "An industry that was once the backyard of state-owned companies, now, is in the thick of competition. New private insurers, like Tata AIG General Insurance Company, who have come in with the liberalization of the sector have introduced innovative products and services and added multiple channels of distribution in the Indian market parallel to the existing ones. The mantra is innovation and diversification."

Quite telling also, are Verma's comments on the IRDA and their success to date under liberalization. He stated, "For the first time in Indian history, a market that was once unregulated has been reigned in by regulations. The effects of discipline have benefited not just the market players but also the consumers with the establishment of best practices. The IRDA is playing a stellar role in regulating and disciplining the markets."

The combination of corporate and regulatory maturation and responsibility are encouraging indications of a successful detariffed insurance market in India.

Conclusion

The Indian insurance market has been growing at 18 to 20 percent per annum since liberalization. Today, India is standing on a threshold where the future is largely unknown. Will detariffication result in over-regulation? How will buyer behavior change? How will broker and agent communities react? Time will tell.

What we do know is that with more than one billion young people, most living in rural areas, urban development, foreign direct investment, and economic growth will continue to be prolific. In this environment, the opportunity is immense. With opportunity, however, comes a responsibility that demands a modern insurance industry subject to free-market principles. India is on the threshold of realizing this goal. ■

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Tata AIG General Insurance Company Ltd. is a joint venture company, between Tata Sons and American International Group, Inc. (AIG).

Tata AIG combines the strength and integrity of the Tata Group with AIG's international expertise and financial strength. The Tata Group holds 74 percent stake while AIG holds the balance 26 percent stake.

Tata AIG General Insurance Company, which started its operation in India on January 22, 2001, offers the complete range of general insurance for automobile, home, personal accident, travel, energy, marine, property and casualty, as well as several specialized financial lines.

Currently Tata AIG General has more than 800 employees, with more than 36 offices in 27 cities. It has a tied agency nearly 2,250 strong and enjoys excellent relations with as many as 176 brokers out of the total 226 insurance brokers in the market.

For more information please visit <http://www.tata-aiggeneral.com/index.asp>.

China and India Facts

China



India



Population

1,313,973,713 (July 2006 est.)

GDP (purchasing power parity)*

\$8.859 trillion (2005 est.)

GDP—real growth rate

9.9% (official data) (2005 est.)

GDP—per capita (PPP)

\$6,800 (2005 est.)

Population

1,095,351,995 (July 2006 est.)

GDP (purchasing power parity)*

\$3.611 trillion (2005 est.)

GDP—real growth rate

7.6% (2005 est.)

GDP—per capita (PPP)

\$3,300 (2005 est.)

* GDP at purchasing power parity (PPP) exchange rates is the sum value of all goods and services produced in the country valued at prices prevailing in the United States.

All data from 2008 CIA World Fact Book, <https://www.cia.gov/cia/publications/factbook/index.html>

Managing Business Risk in the World's Fastest-Growing Market

by Carl Bach



Carl Bach is executive vice president, ACE USA Global Solutions, an operating division of ACE USA. He is responsible for setting and driving the overall strategic direction for ACE USA's Global Solutions business operations, which deliver ACE USA's products and services to U.S. multi-national companies. In this role, Bach strives to engage and enhance the use of ACE's extensive global reach and capabilities to maximize utilization of the ACE global platform to deliver worldwide insurance solutions.

ACE USA is the U.S.-based retail operating division of the ACE Group of Companies, headed by ACE Limited (NYSE: ACE), and is rated A+ (Superior) by A.M. Best Company and A+ (Strong) by Standard & Poor's. ACE USA, through its underwriting companies, provides insurance products and services throughout the U.S. Additional information on ACE USA and its products and services can be found at www.ace-ina.com. The ACE Group of Companies provides insurance and reinsurance for a diverse group of clients around the world.

Driven by its robust economy, World Trade Organization (WTO) market-opening commitments, and a two-decade policy of encouraging foreign investment, China is considered to be the world's fastest-growing major market. U.S.-based businesses have responded; China is both its third-largest trading partner and fourth-largest export market.¹ Recently announced regulations designed to shield its industries from outside competition have not dimmed global enthusiasm for the myriad business opportunities China presents.

Yet to some degree, foreign companies continue to regard China as a complex market in which to do business. The country's vast size, dizzying blend of ancient tradition and modern innovation, largely rural lifestyle, evolving trade policies, and multiple language barriers contribute to this lingering perception. To maximize their business opportunities in China, foreign companies must manage their business risk. Doing so requires an understanding of China's policy on non-admitted coverage, its still-developing insurance industry (and the regulations governing it), and the role of foreign property and casualty carriers within it.

Dominated by state-controlled insurance companies,² China's insurance industry exemplifies the country's rapid and recent changes. There is little historic or cultural precedent for insurance in China, where awareness of the concept remains particularly low in rural areas.³ As a result, Chinese insurance companies struggle to overcome essential skill shortages.⁴

In 2001, when China was accepted into the WTO, it opened its doors to foreign insurance carriers, stipulating that they form joint ventures with domestic insurers. A total of 14 domestic and 17 foreign insurers were issuing policies in China in 2001.⁵ The scope of business foreign insurers were permitted to write

was limited, and they could operate only within certain cities. Today, foreign carriers can write all types of business (except motor third-party liability), and are no longer restricted geographically, but China's non-admitted insurance prohibition still stands. To write business in China, foreign carriers must develop partnerships within its developing insurance industry.

As with other non-admitted markets, the carriers' capabilities, combined with those of the partners they select, will impact the quality of service that policyholders receive. With its shortfall of product development, financial and general management, actuarial, and technology skills, the end result is that levels of expertise, professionalism, and service vary widely within the Chinese insurance industry.⁶ Regardless, the industry has achieved strong growth since 2001; as of December 2005, there were 83 insurers operating in China, 41 of them foreign.⁷

In 2001, ACE was the first outside carrier to establish a strategic, future-focused partnership (with Huatai Insurance Company of China) in China. The ACE/Huatai business model was designed to integrate and optimize domestic and international expertise, focusing on "quality over quantity," via targeted, disciplined underwriting. Huatai senior management embraced the ACE management philosophy, supporting the introduction of international practices at every level of the organization. Today, Huatai is hailed by Chinese regulators for its professional management, impressive underwriting profit, and enviable reputation for service. ACE's first-rate international reputation combined with Huatai's service standards provide multinational companies with the "best of both worlds."

As the success of the ACE/Huatai business model demonstrates, multinationals can manage their risk of doing business in China, and those that



choose wisely can achieve efficient and comprehensive results. Risk managers can make informed decisions by looking closely at both the carrier and the in-country insurance company that will administer their policy and manage their claims. The questions that follow can help.

- How long has the carrier been writing business in China?
- Can the carrier demonstrate its knowledge of the risks associated with doing business in China, and is it flexible enough to respond to changing risk levels as the market continues to evolve?
- Most foreign carriers have operations in China's major coastal cities, but may lack claims management capabilities outside these areas. Business exposures can occur anywhere; what is the carrier/partner process for managing in-country claims, and how quickly can they respond?
- Can the carrier demonstrate a true global network of claims management, underwriting and risk management expertise, and does it have the deep financial pockets necessary to manage the risk it assumes?

- Does the carrier offer a broad range of insurance products and services, and can it tailor its protection to the risk?
- In how many countries does the carrier write local insurance policies?
- What is the carrier's track record in other developing markets?
- Does the carrier underwrite in a disciplined manner, reflecting its strategic, long-term investment in its partnership and in China's future?
- Does the carrier understand and comply with the applicable Chinese reinsurance regulations and other regulations impacting the insurance industry?
- Does the carrier's in-country partner demonstrate an understanding of international practices, and has it incorporated them into its business model?
- How skilled are the Chinese staff who handle underwriting and claims management?
- How is the carrier's partner ranked within the Chinese insurance industry?

The best global property and casualty insurers writing business in China will be able to demonstrate long-standing and strategic partnerships with Chinese insurance companies. They support their partners' business goals, and are committed to the long-term growth of the partnership. Clearly, such "best-of-best" partnerships between foreign carriers and Chinese companies benefit both parties, and by extension, the businesses they insure. ■

Endnotes

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The Must-Know “3Rs” for Insurance Buying— A China Perspective

by Derek Wong

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Outside China, principles and practices in insurance are as certain as death and taxes. All insurance professionals know the road map from A to B. While such textbook principles in China are getting more transparent, there is still some degree of unpredictability. The “3Rs”—relationship; range of products; and regulation—are heavily applied in addition to the basic fundamental insurance principles as we know them.

A considered approach should be taken when differences in culture, market, and regulation play a prominent role in insurance. By all standards, basic risk management takes precedence in the purchase of insurance, but when negotiations enter the picture, challenges in the form of the “3Rs” take over.

Relationship

In China, “Guanxi” (Mandarin word for “relationship”) is a complicated field. A special feature of doing business in China is that “Guanxi” must include relationships with government bodies, investors, partners, and even with your own staff. When doing business in China, it is important for foreign investors to learn to coordinate with the Chinese government, especially in establishing

good relationships with all partners in trade and economic sectors. The right “Guanxi” makes all the difference—by getting the right “Guanxi,” an organization minimizes the risks, frustrations, and disappointments that can be experienced when doing business in China. Often it is acquiring the right “Guanxi” with the relevant authorities that will determine the competitive standing of an organization in China.

There are many examples that can demonstrate how people “relationship systems” apply in what should be straightforward insurance applications. Local insurers are still learning new phrases such as corporate governance and regulatory compliance. In addition, shortages of actuaries and professional insurance management staff have contributed to some poor business practices by insurance companies.

Few leading insurance companies have made serious efforts at adopting international business practices so that they can adjust to international competition. Under the prevailing regulatory regime, transaction costs for insurance are high especially for foreign buyers without local wisdom and knowledge.

What complicates a straightforward insurance transaction in China is understanding where to seek help. There are global and local brokers and consultants assisting in this field who are able to provide professional advice and support, but more importantly, have built up strong relationships in a system where people relationships dominate.

As you can see, relationships are not only between companies but also, more importantly, between individuals at a personal level. A company has to maintain these relationships if it wants to be more successful and problem free when conducting business in China.

Range of Products— Differences

Innovations and flexibility for policyholders is not common in China. All policies issued by local companies must be pre-approved by the regulatory body—China Insurance Regulatory Commission (CIRC)—without exception. This literally restricts the scope of products available and it has become evident over the years that local carriers could not possibly accommodate some special requirements of foreign companies.

A quick guide to some differences:

Property—earthquake is a standard exclusion; windstorm/flood coverage subject to area.

Mechanical Breakdown/Business Interruption—usually separate policies.

Third-Party Liability—public liability is written on an occurrence basis; product liability is written on a claims-made basis and is usually separate policy.

Professional Indemnity and D&O—not readily available.

Employers Liability—basic coverages are provided by a government scheme.

Employees Benefits—expatriates are recommended to purchase cover outside China.

In non-life business, property insurance remains the standard in the industry, and little is done to stimulate new product development.

Regulations

China's insurance regulations came into existence a little over a decade ago. Insurance laws were only enacted in 1995. CIRC was not established until November 1998.

Regulations in China are often subject to change and varying interpretations. Lack of a developed sound legal system, appropriate human resources management, and actuarial specialists are impeding new product lines development.

Even among domestic insurers, head offices have limited control over branches and sub-branches. Each office basically acts independent of its affiliates. An agreement with one branch does not automatically mean the same with other offices.

Any company thinking of avoiding these cultural anomalies and purchasing coverage outside China will find itself acting illegally as non-admitted insurance

(insurance provided through a non-licensed carrier) is prohibited.

Conclusion

Chinese life and property and casualty premiums combined totaled a mere 2.7 percent of GDP in 2005, with property and casualty business accounting for less than 1 percent—providing a tremendous opportunity for future growth. But challenges lie ahead in the Chinese insurance marketplace, characterized by its size, limited varieties of insurance products, relatively high costs of doing business, lack of Chinese consumer education about insurance, and a lack of a sound legal environment, particularly in the area of enforcement.

However, in spite of the "3Rs," earlier this year Standard & Poor's Rating Services has revised its outlook on China's insurance sector from developing to positive, expecting medium-term improvement in the operating performance and financial strength of the overall industry.

To be successful in doing business in China, one must have patience, commitment, flexibility, and most important of all relationships. "Guanxi" is the fabric of Chinese society. The personal relationship between insured and insurer can be as important as, if not more important than, any policy wording when trying to find a satisfactory insurance solution or claims handling.

Since China's ascension to WTO, market concerns regarding transparency and compliance issues have been addressed—a condition that is continually improving . . . albeit slowly. ■



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- ◆ **Baggage handling** for 1 piece of luggage per person, including tips

Reservations & Information: Call Grand Circle Travel
at 1-800-597-2452 Option #2

Extend your trip and your value

AMSTERDAM, the Netherlands

3 nights pre-trip from only \$495

Your optional extension includes:

- **Accommodations**—for 3 nights at the Superior First-Class Moevenpick Hotel or similar
- **3 meals**—daily breakfast
- **Sightseeing**—Amsterdam city tour
- Exclusive services of an experienced Grand Circle Program Director
- All transfers
- **Plus, consider these optional tours**—Amsterdam Adventure (\$65 per person), Double Dutch Treat (\$50 per person)

Price per person: \$495. Single supplement: \$195. ►ATA2007

FRANKFURT & HEIDELBERG, Germany

3 nights post-trip from only \$445

Your optional extension includes:

- **Accommodations**—for 3 nights at the new NH Frankfurt City Hotel or similar
- **4 meals**—daily breakfast and one lunch
- **Sightseeing**—Frankfurt and Heidelberg city tours
- Exclusive services of an experienced Grand Circle Program Director
- All transfers

Price per person: \$445. Single supplement: \$195. ►ATF2007

Trip extensions subject to availability.

STORYBOOK LANDSCAPES ALONG THE RHINE

Prices are per person for 7 nights, based on double occupancy, and include roundtrip airfare as listed below, and meals and sightseeing as specified in the What's Included box.

Depart from:

MARCH 5, 2007

Baltimore, Boston, Miami, Newark, New York, Philadelphia, Washington, DC	Sonata Deck	\$1545
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Sonata Deck cabins feature a picture window.

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PRICES ABOVE NOW INCLUDE AIR FUEL SURCHARGES.

KNOW BEFORE YOU GO

- *Throughout the River Cruise season, weather conditions affect European river depths, and water levels may require adjustments to your itinerary.*
- *Traveling in March, you can expect cooler temperatures or inclement weather.*
- *This program features a fair amount of walking over cobble streets and older wooden piers. For full enjoyment of this trip, you should be in relatively good health. If you have difficulty walking or are wheelchair-bound, please consult our Travel Counselors for guidance.*

Additional departure cities may be available. Call for details.

Single supplement: 25% of fare. Single accommodations are limited.

Additional taxes of \$162.60 (subject to change) will be applied. Ask for details.

Cancellation Charges for River Cruises: For all cancellations we will refund the cost of your trip less the following per-person charges. Charges shown include the \$150 administrative fee:

Prior to departure	Charge
121 days or more	\$150
120–90 days	\$500
89–60 days	40% of selling price
59–30 days	50% of selling price
29 days—departure	100% of selling price

Guaranteed Travel Protection Plan: Please call for details on this optional program.

Every effort has been made to produce this information accurately. We reserve the right to correct errors.

Please note: After you reserve your trip, toll-free customer service is available Monday–Friday 8 am to 5 pm and Saturday 9 am to 3 pm (Eastern time) at 1-800-597-2452 Option #1.

Reservations & Information: Call 1-800-597-2452 Option #2

Please be ready to give the reservations agent the following information:

Service code: GG73-319

Trip name/code: Storybook Landscapes along the Rhine / ATF

Departure date: March 5, 2007

Space is limited; please reserve by November 1, 2006.

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