



# GLOBEX UPDATE

*Events, developments, and opportunities in the international marketplace*

## Sri Lanka.

In May, massive flooding in 21 out of 25 districts in Sri Lanka destroyed or damaged more than 125,000 homes and over 300,000 small-and medium-sized businesses with over 100 deaths. The Government's National Natural Disaster and Emergency Relief Insurance scheme, launched in April, helped thousands of individuals and businesses to get quick relief. Through NITF, the country's sole reinsurer, the Government of Sri Lanka has insured all uninsured citizens and properties by obtaining a CAT reinsurance cover of LKR10 billion (US\$68.3 million) from major reinsurers worldwide. Under this reinsurance cover, NITF has the capability to settle claims up to LKR2.5m (US\$17,080) for any uninsured property that is affected by a natural calamity. Fishermen would be compensated up to LKR1m for loss of life due to natural disaster while fishing at sea, and all citizens are covered for LKR100,000 in the event of death due to natural perils. In addition, it provided funds for emergency relief operations that took care of over 400,000 displaced persons. The insured losses from the Sri Lanka floods are expected to cross \$150 million. This is just a fraction of the estimated economic losses of over \$2 billion. The critical role played by the Sri Lankan insurance and reinsurance industry in the wake of the floods provided a glimpse of the vital contribution that the sector can play to the world economy.

## Turkey.

Despite the short-lived attempted coup in Turkey in July - the latest in a long string of unsettling political unrest in recent years from 2011's Arab Spring to Russia's annexation of the Ukrainian territory of Crimea in 2014 - buyers can still access political risk insurance to protect their business against a variety of global risks. Following the failed coup, political risk insurers are carefully monitoring the risks they underwrite in the country. Their reaction to Turkey has mirrored events in other countries that have seen unrest in recent years: political risk coverage is available, but on a selective basis. For buyers with low to medium risk portfolios, the cover is particularly accessible. Despite some losses and increased claims notifications, insurers still view the class as a profitable line of coverage. It is no longer an issue just for emerging markets. Businesses are learning that political risk is unpredictable and can develop quickly, even in countries that are historically considered "safe".

## France.

Companies face "significantly" more disruption from civil unrest in France than any other western European economy. Ranked as the 16<sup>th</sup> most at-risk country across the world, the only other western European country featured in the worst performers was Greece, which ranked 25th. France's "deep-rooted culture of political protest and strikes" has caused the country's high ranking, which is driven by labor disputes. In contrast, Germany - ranked equal 140th with the UK and rated low risk - has a more consensual political culture that supports close cooperation between trade unions, industry and government. So far this year France has experienced "significant" protests on a weekly basis. In comparison, businesses in Germany and the UK suffer disruption due to civil unrest every six months. Emerging markets dominate the top of the ranking - the three top-ranked countries being Syria, Yemen and Libya - all rated as extreme risks, with India (4th), Mexico (7th), Nigeria (10th), South Africa (13th), Argentina (15th) and Brazil (21st).

### RECENT SUCCESSES

- Placed a Professional Liability policy in Bermuda for a Captive / MGA.
- Bound General Liability and a Compliance Bond in Colombia for the operation and maintenance of public transportation ticket machines.
- Placed Commercial Package and Travel Accident policies in Ireland for US multinational that provides business processing and technology solutions to financial institutions.
- Placed high-end homeowners policy in an earthquake exposed location for a South African reverse flow client expanding its business interests in the US.



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