



GLOBEX UPDATE

Property & Casualty

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Thailand.

Floods in Thailand's northern and eastern regions have killed at least 23 people and left two missing with damage estimated at around \$300 million. Ten provinces have been flooded due to heavy rains, affecting over 700,000 people. It said that around 1,554 square kilometers (600 square miles) of rice farming land has been affected. The hardest hit was Sakon Nakhon province, around 640 kilometers (400 miles) east of Bangkok, which recorded nine deaths in a city submerged for over five days. While the government works to fix flooding through a proposed bill on water management, it is estimated that insurance companies will have to pay around 1 billion baht (\$30 million) in compensation for disaster relief. A total loss is estimated at at least 10 billion baht (\$300 million).

Iran.

The Iranian government has approved measures to reduce taxes on the insurance sector, namely, an exemption of value added tax. If accepted, insurance premiums would be reduced by as much as 9%. Performance wise, the insurance sector for the last Iranian year ended 20 March 2017 shows that insurance premiums grew by over 22%. Total insurance premiums reached IRR277.2 trillion (US\$7.4 billion). If the trend continues, the rate of insurance penetration will surpass the 2.2% achieved in the previous fiscal year. In addition, a gradual decrease in loss ratios to 78% from 89% four years ago is seen as a sign of the improving financial condition of the market. The insurance regulator, Central Insurance of Iran, cites increasing public awareness - influenced by events like the Plasco high-rise blaze in Teheran last year - along with the expansion of insurance and reinsurance ties with credible foreign companies, especially in Europe, as its principal ongoing task in promoting an insurance culture.

India.

India has several cities rated as worst in the world for air pollution. For example, the annual average PM2.5 concentration in Delhi is typically more than 10 times the US National Ambient Air Quality Standard of 12 micrograms per cubic metre. Now, the Supreme Court has directed that motor insurance renewals are not to be allowed without a valid Pollution Under Control (PUC) certificate for all types of automobiles, in a move to crack down on polluting vehicles. Insurance companies have been ordered to refuse renewal applications for vehicles without pollution certificates. In Delhi, only 23% of vehicles are sent for PUC tests. With mandatory linking of vehicle insurance with the PUC certificate, the compliance level will improve significantly. It was also directed that PUC centres to be linked online and a data centre set up to prevent manual tampering. Currently, the system is seen as plagued with corruption, improper testing and non-functioning equipment, fake certificates, lack of qualified PUC operators, and poor enforcement of calibration requirements for testing equipment. The new directives will help to improve compliance and management.

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GLOBEX INTERNATIONAL GROUP

PO Box 776 – Chester, New Jersey – 07930

Phone: (908) 879-1150

E-mail: globex@globexintl.com

Fax: (908) 879-1160