



# GLOBEX UPDATE

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

## India.

India has announced that INR500 and INR1,000 banknotes will no longer be valid. The move to withdraw high-denomination notes is expected to dent immediate consumption, especially of high-end goods, but will have a positive impact on growth and inflation in the long run. It also helps in minimizing terror funding by fake currency from neighboring states. In the long term, the economy will benefit from the reduction of black money, which will lead to higher tax collection, a better business environment, less corruption and more transparency. Banks are expected to see large inflows, while inflation could trend lower, helping interest rates to decline further. As part of this process, there will be inevitable shocks to the overall economy. As windfall gains accrue to the Government, huge infrastructure spending is anticipated, thus addressing supply bottlenecks which have been impeding economic growth for some time. If all goes according to plan, the Government's fiscal position will improve, bank deposits will surge, tax and interest rates will reduce, and capital formation will be boosted.

## Morocco.

Moroccan insurers have pledged to make green investments and counter climate change, with the aim of realizing a sustainable vision of a green economy in coordination with all players in the financial services sector. In this connection, a road map was unveiled for the insurance industry earlier this month including: Financing energy projects and investing in ecology-related securities, opting for eco-conscious investments. Ultimately, the investment in such vehicles could reach MAD6 billion (US\$597 million) over five years; developing "green" savings products, including pensions where the dynamics between banking and insurance should help result in more than MAD500 million a year in savings products whose premiums would be invested in green assets; extension of coverage for climate risks, notably those related to agriculture so as to go beyond the million hectares already covered; development of insurance solutions and promoting a culture of prevention for environmental risks. The roadmap complements measures initiated since 2011 when Morocco launched comprehensive climate insurance to provide protection for cereal crops.

## Indonesia.

Insured losses from this month's earthquake in Northern Sumatra are expected to be minimal. The earthquake strongly impacted Pidie Jaya district in Aceh Province where hundreds of buildings were damaged or destroyed and more than 100 fatalities were reported, as well as more than 600 injuries. Shaking was felt in Banda Aceh, the provincial capital 92 km away, as well as in several provinces in Thailand. The quake also had a major impact on Mereundu, the seat of Pidie Jaya's regency government. In the affected areas, representative residential and religious buildings are typically unreinforced masonry and, because of the lack of seismic considerations, many of them collapse during earthquakes, leading to significant casualties. Because the seismic design code in Indonesia is not strictly enforced, many buildings are not up to code. Indonesia sits along the Pacific Ring of Fire, the seismically active fault line known for producing some of the strongest earthquakes in history.

### RECENT SUCCESSES

- Secured local property coverage at very short notice for production equipment en route to Panama to establish a manufacturing facility.
- Bound Tourist Automobile Liability coverage on behalf of a US based University sending students to Mexico to undertake project work.
- Placed Property and Liability policies as part of an international program and bound local Marine and Accident policies for the Australia-wide stores of a US owned high-end clothing retailer.
- Quoted and Bound competitively priced local package policy for two separate companies in Ireland.

***The Globex team wishes everyone a safe and prosperous New Year.***



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