



GLOBEX UPDATE

Property & Casualty

Events, developments, and opportunities in the international marketplace

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Bahamas.

Property and casualty insurers in the Bahamas have warned of potentially "significant" rate increases as reinsurers seek to adjust their pricing to reflect the recent increased severity and frequency of hurricanes. A better understanding of the level of price increases will likely be available soon as insurers typically purchase and seal reinsurance contracts towards the end of the calendar year. With reinsurers grouping the Bahamas with the entire Caribbean region and Florida, premiums are not immune from the impact of Harvey, Irma and Maria. Most reinsurers are initially saying 15-20% increases in areas which didn't have a loss in the recent storms but there is concern that even that level of increase in premiums may price catastrophe coverage out of reach of a significant segment of the population.

China.

Firms accused of violating environmental regulations paid fines totaling 1.02 billion yuan (\$154 million) in the first 10 months of 2017, up 48% from 2016. In an effort to "normalize compliance", China has promised zero tolerance for firms guilty of illegally dumping waste, exceeding mandatory emissions caps or tampering with monitoring equipment. The environmental protection law allows authorities to fine lawbreaking individuals or enterprises on a daily basis until the problem is rectified, and gives regulators the authority to launch criminal charges. Some 32,227 cases have been handled in the first 10 months of the year, more than double last year. The number of "administrative detentions", where an official or executive is detained for continuing to violate regulations, jumped 161% to 7,093 cases. With enforcement long seen as a weak link, the government has been at pains to show it is beefing up its supervision and punishment capabilities.

Australia.

The Australian Prudential Regulation Authority (APRA) has started quizzing insurers, superannuation funds and banks about their awareness of climate change risks and actions that may be required. Outline plans for an industry-wide review of climate-related disclosure include warnings that failure to prepare for this transition will have consequences for account holders and policyholders. APRA is developing a cross-industry heat map, identifying the key climate-related risks across each of the industries it regulates. As entities with better climate risk practices are identified, APRA will further engage with them to get an understanding of how they approach, measure and manage these risks, and share this as industry guidance. APRA is also liaising with international peers to ensure Australia's supervisory response to climate risk is aligned with global best practice.

RECENT SUCCESSES

- Bound local Property, Workers Compensation and General Liability policies in Bermuda for an Ireland-based contractor engaged to work on airport redevelopment project.
- Placed local Directors & Officers policy in Brazil as part of a controlled program for a leading deep-sea chemical shipping company.
- Bound a Marine Cargo policy in Saudi Arabia for a US-based multinational providing oil-free water technology services.
- Placed Products Liability for a China-based company designing, producing and distributing surgical instruments for vendors in North and South America.

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

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