



GLOBEX UPDATE

Property & Casualty

Events, developments, and opportunities in the international marketplace

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Global

Cross-border supply chains are shifting as manufacturers turn away from Chinese suppliers with the ongoing US-China trade war. The sourcing of new suppliers is creating stiff competition as firms seek to find new production facilities in neighboring Asian countries. This is driven by the risk of greater US tariffs on China and fears that territories such as Vietnam and Thailand can only accommodate limited new businesses because of capacity constraints. Shifting production can take years to sort out logistics, legal and accounting issues in unfamiliar markets. While low-tech goods would be the quickest to migrate, higher value-added exports in the machinery, transport and IT category would likely take decades due to high R&D costs and competitive Chinese labor costs. Some segments, like automotive manufacturing, will be even tougher to move. Nevertheless, businesses may adjust the supply chain to limit volatility to their business, and some Chinese firms may be left out when the trade war ends.

India

New regulations that come into effect on 1 January 2019 will enable Foreign reinsurers' branches (FRBs) in India to bid for reinsurance contracts along with Indian reinsurers. At present, GIC Re is the only active Indian reinsurer and, while the much-awaited regulations allow GIC Re to retain the right of first refusal, in instances where FRBs offer lower rates or GIC Re does not exercise its right, FRBs can win those reinsurance contracts. The new regulations have as their objectives to maximize retention within the country; to develop adequate technical capability and financial capacity and to simplify the administration of business. India's reinsurance market is estimated to be worth around INR50,000 crore (\$7bn), most of which is catered by the state-owned Indian reinsurer GIC Re. Currently, 10 global reinsurance entities operate in the Indian reinsurance market through their branches, including Munich Re, Swiss Re, SCOR, Hannover Re, RGA Life Reinsurance Company of Canada, XL Insurance Company, Gen Re, AXA France Vie, Allianz Global Corporate & Specialty, and Lloyd's of London.

Egypt

The 37 insurance companies operating in Egypt increased their combined direct premiums to EGP27.8bn (\$1.6bn) in the fiscal year ended 30 June 2018, representing growth of 23% over 2017. Property insurance companies, which number 23, took the lion's share of 56% of total direct premiums, while Life insurance companies raised their premiums by 19% to EGP12.2bn, accounting for 44% of total market premiums. The data also shows that the only state-owned insurer -Misr Insurance -lost market share due to the entry of new entities into the private sector with the company's share of direct premiums shrinking to 44%, compared to 46% in 2017.

RECENT SUCCESSES

- Placed a Combined General and Employers' Liability policy as part of a controlled program for a construction project management company establishing an office in the UK.
- Bound a Foreign Package for a US based contractor undertaking a project in Canada.
- Placed US Workers' Compensation and quoted an extensive set of Liability coverages for the exposures of a foreign owned networking club for business women opening up in the USA.
- Bound international Premises and Pollution Liability policies for a leading manufacturer of Specialty Chemicals.

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

GLOBEX BROKER SERVICES

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