



# GLOBEX UPDATE

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

## Hong Kong.

With an estimated 200 fatalities and 55,000-60,000 non-fatal cases resulting from occupational accidents and diseases each year, there is a call for worker injury management in Hong Kong to shift its focus from one of compensation to one of safety at work and return-to-work (RTW). However, major challenges exist in the current Employees' Compensation (EC) system. Without a central policy outlining RTW as the goal of recovery after occupational accidents, the legislation developed for injury management has stagnated around compensation. This leads to a poor rate of successful RTW, misuse of the EC, and dependence on the social security system. It also creates opportunities for recovery agents and lawyers to encourage litigation, which incurs high costs to the system often without much gain to workers themselves. Other factors include inefficient service delivery within the healthcare system resulting in delayed assessments and treatment, along with lack of workplace support for RTW in allowing for modified duties with acceptance from both employers and co-workers.

## United Arab Emirates.

The fire at the Address Downtown Dubai, a 63-storey luxury hotel, was the third such high-rise blaze in Dubai in three years. Regardless of the reasons behind the fires, a real concern lies with the materials used on the exteriors of skyscrapers in the country and across the GCC. Since 2013 the Fire and Life Safety Code has required external cladding to be fire resistant on all new buildings which are over 15 meters tall. However, many of the country's towers have a highly flammable material cladding the exterior of the buildings - a layer of combustible thermoplastic core along with aluminum composite panels. This is now an issue that needs to be revisited not only by the government, but also by the insurance companies who are insuring these risks. It will not be economical to change these materials for high-rise properties, but management of the risk might be achieved by imposing safety factors, such as having an external fire sprinkler system. Although the size of losses caused by the blaze has not been announced, the total sum insured is estimated at around US\$500 million covering risks including fire, third-party liability and others, including business interruption - consequential losses, indirect losses and liabilities typically end up being much higher than the material damage itself. While the frequency of such losses remains relatively low, the stakes are high. The Address Hotel fire is a reminder for insurers to set in place the right tools to manage risks and become more engaged with the nature of the perils before it is too late.

## Japan.

Commercial insurance premium growth in Japan is expected to improve to 5.3% in 2016. While economic growth is the main driver of demand for commercial insurance, several underlying trends are shaping the longer-term outlook. While Japan's declining manufacturing activity and industrial assets do not bode well for the sector, increased awareness of business interruption risk will likely support demand for property insurance. Technological developments are also changing the environment - cyber security represents a significant source of both, reputational and business interruption risk, and has become an increasingly important item on corporate agendas. Non-life insurers' 2015 results, however, will be impacted by the several typhoons that hit Japan over the course of the year where preliminary loss estimates exceeded JPY121billion.

### RECENT SUCCESSES

- Placed a Foreign Liability program for a US based company specializing in energy management & control systems expanding their operations into Mexico.
- Implemented Controlled Master Program on behalf of US partner broker including broker services in Brazil, Georgia, Macedonia, Senegal and Ukraine.
- Bound Property and Liability policies for high-end retail clothing stores opening in France, Malaysia and Singapore.
- Established broker services in UAE for an electro mechanical engineering company to handle Property, Workers Compensation and Liability insurance.



**GLOBEX INTERNATIONAL GROUP – PO Box 776 – Chester, New Jersey – 07930**

**Phone: (908) 879-1150**

**E-mail: [globex@globexintl.com](mailto:globex@globexintl.com)**

**Fax: (908) 879-1160**