



GLOBEX UPDATE

Property & Casualty

Events, developments, and opportunities in the international marketplace

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Coronavirus

The claims impact from the Wuhan coronavirus outbreak is “expected to be manageable” for Southeast Asia-based insurance companies over the near term. Direct impacts to insurers will likely include medical, personal accident, mortality, travel and business interruption claims. The relatively low number of Covid-19 cases in Southeast Asia, epidemic policy exclusions and governments’ undertaking of diagnosis and treatment costs are some of the factors limiting the potential loss outcome. The future effect of Covid-19-related claims remains closely linked to, and largely dependent on, the spread of the virus in the region over the coming months. It seems clear that the economic impact and resulting slowdown of business activity in the region will be unfavorable for insurers’ investment activities, revenue generation, and day-to-day operations. Despite this, a number of large non-life insurance companies operating in coronavirus-affected markets like Singapore and Malaysia have made announcements regarding the coverage of Covid-19 claims and, in some cases, enhanced the benefits, even for policies with exclusions for “widespread diseases” and “virus outbreaks.” The benefits include hospital cash; lump-sum payments if diagnosed (essentially treating Covid-19 as a critical illness); waiver of waiting periods for new policies; faster claim payments; and a general relaxation of the rules around claim submissions.

United Arab Emirates

The key factors that will drive the growth of insurance in the UAE this year are linked to continued infrastructure projects in Abu Dhabi, Dubai and other emirates. In addition, the number of arrivals in Dubai to attend Expo 2020 events is expected to reach 25m over a period of six months from 20 October 2020. Local insurance companies will cover the event as well as provide health insurance to a large number of foreign visitors. The implementation of compulsory health insurance in the northern emirates will also support growth in the short to medium term. Operating performance is expected to remain profitable; however, an escalation of geopolitical risks in the Middle East and the continuing trade disputes between some major global economies, and other events, such as the spread of the Wuhan coronavirus, could lead to higher risks in the insurance sector in the Gulf countries.

Morocco

Morocco aims to reduce the number of road accident deaths to below 1,900 a year by 2026. The number currently stands at more than 3,000. The number dropped by 2.9% between 2018 and 2019, while the number of severe injuries decreased by 3.35%. The majority of road accidents happen in urban areas and cause an annual economic loss of nearly 2.5% to Morocco’s GDP. The improvement in road safety indicators in 2019 should encourage the continuation of the national road safety strategy. The government is working with several institutions to provide basic infrastructure to promote road safety and to mobilize the financial resources necessary to maintain existing roads and build new ones. Over the last decade, around 3,500 people lost their lives in road accidents each year, while 12,000 sustained severe injuries annually.

RECENT SUCCESSES

- Bound a Construction All Risks policy in the Dutch Caribbean for a \$12million project to build a 100-room addition to an upscale resort property.
- Placed General Liability coverage for a pool contractor doing installation projects in St Croix, USVI.
- Bound Workers Compensation in Guam for a US company sending 20 employees to carry out an aviation services contract for a US Air Force Base.
- Placed an international Installation Floater for a loading dock and in-plant safety equipment company undertaking installation, maintenance and repair services.

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