



Globex Underwriting Services

GLOBEX UPDATE

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Major Risks for 2018: The Environment and Cyber Threats

The environment and cyber threats are the greatest risks to businesses and will have a major impact on them this year, according to global experts and decision-makers. Extreme weather events were seen as the single most prominent risk. Environmental risks, together with a climate change have been an increasing concern of risk officers. Cyber threats are growing in prominence, with large-scale cyberattacks now ranked third in terms of likelihood, while rising cyber-dependency is ranked as the second most significant driver shaping the global risks landscape over the next 10 years. While cyber risk management is improving, businesses and government need to invest far more in resilience efforts if they are to prevent the same bulging 'protection' gap between economic and insured losses that we see for natural catastrophes. A deteriorating geopolitical landscape is another major factor playing into a pessimistic outlook this year. Over 90% expect political or economic confrontations between major powers to worsen, while nearly four out of five expect an increase in risks associated with war involving major powers. Economic risks feature less prominently this year, creating concern among experts that the improvement in global GDP growth rates may lead to complacency about persistent structural risks in the global economic and financial systems.

Ecuador – Additional Tax Effective January 1 2018

Effective at the beginning of 2018, all policies in Ecuador are subject to an additional 0.8% tax which will be deducted from any reinsurance premiums. This is in addition to the current 6.25% reinsurance tax. This tax will contribute funds to the COSEDE "Corporación de Seguro de Depósitos, Fondo de Liquidez y Fondo de Seguros Privados".

The US Tax Bill and Global Programs

Risk managers that include US risks within their global programs can expect higher prices and less capacity going forward due to the US reform bill that was passed by the House and Senate recently. This has caused some concern among European insurers. The availability and cost of reinsurance for US companies will also be directly hit by the bill, which became law on 1 January 2018. This is due to the imposition of excise tax on transactions between US reinsurers and their foreign-based affiliates. The bill has been designed to maximize US tax paid by foreign companies that currently do business in the US through group companies and then export revenue and profit back home, or to non-US group companies. The timing is not optimal for buyers of insurance and reinsurance in the US and across the world as the market braces itself for higher prices following the recent spate of catastrophe losses.

RECENT SUCSESSES

- Secured Inland Transit policy in Mexico for a European producer and supplier of mechanical, electric and electronic parts, and components for the automotive industry.
- Placed fronting Directors' & Officers policy in Turkey for a leading manufacturer of Unmanned Aircraft Systems and Unmanned Aerial Vehicles.
- Secured reinsured Environmental Pollution Liability policy in Mexico for a producer of steel and aluminum commercial vehicle wheels and wheel-end components.
- Placed Inland Transit and Export fronting policy in UAE for a major pharmaceuticals producer and distributor.
- Secured fronting Marine policy in UAE for International Transit and Storage for a UK - based manufacturer and distributor of computers, parts and accessories.
- Placed fronting Property policy in the UK for a manufacturer licensed in pop culture toys, vinyl figures and bobble heads.

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