

GLOBAL UPDATE

Events, developments, and opportunities in the international marketplace

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Smart Homes - What Risk Managers and Insurers Should Take into Account

Owning a Smart Home can pose a whole set of new security issues. Internet connected devices can easily allow hackers to create mischief - from switching off security systems to cranking up smart ovens until they overheat and burn a house down. Industry experts say that in just two years there will be 20 billion smart home products in use. According to these experts there are two broad categories of routines: one that allows users to “chain together” a variety of devices using a third-party app interface, and one that uses a “centralized data store”

as a sort of switchboard where devices and apps can communicate with each other over the internet. Both are intended to make smart home automation more seamless for the user, and both were found to be vulnerable. This would give hackers the ability to access most internet-connected devices in the home. Vulnerabilities in the security systems need to be addressed and the industry needs to improve software updates in order to mitigate security breaches which a high school student could easily cause. For risk managers and insurance companies this poses a whole new series of risks they need to take into consideration when writing coverage.



India - More Regulations from the Insurance Regulatory and Development Authority of India



New reinsurance regulations that took effect on the 1st of January are credit positive for the Indian insurance industry as they will improve Indian insurers' access to a broader reinsurance base. This in turn will support their management of underwriting risk and performance. On 12 December 2018, the IRDAI published the Insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018. Under these new regulations, the Indian reinsurers retain the first right of refusal. Ceding local insurers have to seek terms from all Indian

reinsurers which have undertaken reinsurance business continuously during the immediately preceding three years, and from at least four foreign reinsurance branches. This will allow the non-Indian reinsurers to compete for business on equal terms with Indian reinsurers. Previously, Indian reinsurers had the first preference and right of refusal. The India-based reinsurer is state-owned GIC Re and will retain 5% of every risk placed in India. In the past, domestic reinsurers had the first right of acceptance or refusal, putting the foreign reinsurer branches at a disadvantage. Foreign reinsurers were only offered business if their Indian counterparts refused the business. The IRDA's new reinsurance regulations are another step towards liberalizing the reinsurance market. They will provide local insurers broader access to foreign reinsurers and result in increased retention within the country, adding to capital reserves.

Egypt - Additional Taxes

As of January 1, 2019, all insurance policies will carry an additional 0.3% tax on net premiums. This is split into a 0.1% increase in regulator supervisory fees against audit or review for new wording, and a 0.2% payable to the new pool established for Policyholders protection.



Egypt - Insurers & Credit Ratings

Egyptian insurers have started to seek credit ratings to gain a competitive advantage that would enable them to win large insurance contracts. This is especially important with respect to special risks insurance involved in Energy and Aviation, as well as to cover foreign investment projects that require insurance by companies classified by international institutions. The next 3 years will experience numerous markets gaining ratings provided by international rating companies. For any help with Egyptian local admitted policies, please contact any member of our Globex Team.

Bahamas - VAT Increase in 2019



Starting this year, Bahamas will experience an increase of 7.5% to 12% of its Value Added Tax.

- Secured the placement of Reinsured Commercial General and Product Liability policies in India, Japan, and China for a global supplier of custom food products and supply chain management to the world's leading food service and retail food brands.
- Successfully placed a Reinsured Director's & Officer's Liability policy in China for a multinational manufacturing company specializing in tubular technology and automotive parts as well as a Stand-Alone policy in Brazil.
- Instrumental in the placement of a Marine Stock Throughput Stand-Alone policy in Canada for a global leader in agricultural and food processing.
- Placed Marine Transit Stand-Alone policies in Brazil and Turkey for a world renowned luxury goods company.
- Successfully secured Marine Transit Reinsured policies in Ecuador, Panama, Mexico, Indonesia, China, Russia, South Africa, and Brazil for a corporation on the Global Fortune 500 list that develops, manufactures, and sells machinery, and engines to customers worldwide.
- Coordinated and placed a Fronting Pollution Liability policy in Taiwan for a technology leader in solutions for power electronics, advanced foams, and high-frequency printed circuit materials.



