

GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

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Morocco - New Taxes Effective January 1, 2020

Starting January 1, 2020, Moroccan premiums for Property & Liability policies will be subject to a new mandatory tax called EV CAT. The new tax is intended to cover catastrophic events caused by either Natural or Manmade events such as riots, terrorism, etc.



The EV CAT will be applied as a percentage on the net premium based on the line of coverage, and will range from 2% to 8%. The scope of coverage, limits and deductible, will vary depending on the type of building being covered and the activities carried out within the premises.

In addition to the EV CAT all Moroccan premiums will have a Parafiscal Tax of 1%. This parafiscal tax will be applied to policies as a contribution to the Solidarity Fund against Catastrophic Events, which will compensate any Third Parties affected by the catastrophe. The tax will be applicable across all lines of coverage, hence the premium tax in Morocco will in effect increase from 14% to 15%.

European Union - Environmental Regulations for Multinational Programs



Over the past few years, environmental regulations continue to be enforced at an exponential rate. Multinational companies are increasingly requesting environmental liability cover from insurers all over the world. Governments committed to a clean and safe environment are passing stricter laws on the prevention and control of pollution; the underlying message being that the “polluter pays” all compensation regimes.

The Environmental Liability Directive (ELD) was established in Europe in 2009. The fundamental goal of the ELD is to establish a framework of environmental liability based upon the ‘polluter pays’ principle. Liability under the ELD has little in common with standard civil liability rules. It does not give private parties a right to claim compensation. Instead, it puts environmental protection in the hands of competent national authorities.

Ironically, enforcement of the ELD has proven to be inconsistent. One of the main reasons being that enforcement laws in Eastern Europe far exceed enforcement rates in Western Europe. Most western states rely upon an extensive patchwork of national environmental protection laws, as opposed to EU regulations, and there may often be a gap in cover.

Multinational firms are not only facing the regulations imposed by the ELD, but the lack of a homogenous regulation, across countries within the EU. This makes it very tough for risk managers, brokers and insurers to discern exactly what type of coverage is optimal in an ever-changing scenario.

India - Regulator Plans to Start CAT Insurance Pilot Scheme

The Indian Insurance Regulator, the IRDAI has presented the central government with plans to launch a pilot program for a government-funded catastrophe (CAT) cover intended in particular for regions with a lower socio-economic demographic. This pilot program will be tested in several states before going in full force.



Historically, the majority of losses in India caused by a natural or man-made catastrophe have been uninsured. Such was the case of the severe flash floods in Chennai in 2015 which caused an estimated economic loss of \$2.2bn, but insured losses were only estimated to be around \$755m.

Currently, any huge losses caused by catastrophes have to be funded by the central government, burdening public coffers. Insurance experts say most losses suffered in natural disasters are uninsured, due to reasons such as a lack of purchasing power, a lack of interest in insurance and the lack of education about the availability of such covers. The IRDAI is hoping that the government support will assist in increasing the rate of penetration of insurance cover into all segments of the demographics in India.

Swaziland - Regulation 15 of the Insurance Code



After three years since its inception on July 1, 2016, the Regulation 15 of the Insurance Regulations is being enforced in Swaziland. This states that at least 20% of every risk which is being placed by foreign reinsurers, approved by the State Regulator, must be retained locally in the country. This goes hand in hand with Insurance Act 2005, whereby local Swaziland insurers are forbidden to cede any risks and premium to foreign reinsurer which are not registered.

Not only are local insurers subject to first offering the risk to Ezulwini, the State Reinsurer, but they also have to retain some of the risk in their books, and offer the balance to the local market, before ceding any remaining risk and premium overseas.

- Bound a Property fronting policy in Georgia for one of the world's largest sports betting and gaming groups, headquartered in the United Kingdom.
- Secured a reinsured Directors' & Officers' program in South East Asia for an international investment management firm.
- Placed a multinational Marine program in Latin America, Ghana, India, Malaysia and Europe for a Brazilian Headquartered company, which operates worldwide as a provider for the electric engineering, power and automation technology industries.
- Assisted in placing Directors' & Officers' policies in Brazil and reinsured policies in South Korea, Mexico and Japan for a global provider of educational technology solutions.
- Bound a fronting Cyber policy in Argentina for a Canadian based producer, distributor for a wide

success
stories

array of dairy products.

- Placed a reinsured Crime policy in China for a leading Swiss based company that manufactures, installs, maintains and modernizes elevators and escalators for almost every type of building requirement worldwide.
- Instrumental in placing a fronting Property program in China, Switzerland, Italy and Germany for one of the largest and most successful privately held companies in the world, which provides engineering solutions, making the world safer, healthier and more productive by creating innovative solutions that deliver outstanding customer value.
- Placed a Property policy in Ireland for a leading commercial-stage biopharmaceutical company engaged in the development of innovative anti-infective agents to treat serious infections.
- Bound Third Party General Liability and Product Liability fronting policies in the United Kingdom and Switzerland for an Amsterdam based company which owns and develops charging stations. The Company offers charging solutions to electric transportation through solar and wind energy.

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