

## GLOBEX UPDATE

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

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### USA – Workplace Shootings and Insurance

Workplace homicides caused by intentional shootings by another person are a major workplace safety concern for employers. In many cases they are potentially preventable. Even though businesses recognize this as a potential hazard, employers are ignoring or refusing to take the necessary actions to reduce the likelihood of these kinds of incidents.



A recent shooting in the USA involved an individual who was an employee at a facility that (at the time of the incident) was reportedly being terminated. Ever since a workplace violence incident involving an employee of the Connecticut lottery in 1998, the best practice has been to conduct employee terminations off-site or ensure the person does not have a weapon. Nonetheless, companies are refusing to take the kinds of measures that are known to - or at least potentially - reduce the likelihood of violence.

In this day and age, every organization needs to have a process in place for employee terminations that would protect both the employee and anyone else involved in the process. An example of this would be having security personnel present at the time of termination. Having an emergency action plan that addresses workplace violence and active shooter situation is a "must". Companies could train human resource employees to recognize signs of the potential of an employee to pose a threat. This could include professional development concerning the body language of employees or the phrasing of comments made within the workplace.

Analyzing insurance policies for potential coverage and ensuring there are no gaps is a critical part of the process before an active shooter event. If a shooting occurs this could trigger coverage under virtually every policy, including workers compensation due to physical — and sometimes emotional — injuries to employees. Employers will have to identify what workers compensation benefits come into play depending on the state where the incident occurs. This is a highly charged topic, but unfortunately an inevitable reality.

### India and Increasing Cyber Attacks



What is driving cyber insurance purchases in India? The main factors include the increased connectivity through digital devices, a high cyber crime rate, government emphasis on digitization, the European Union's General Data Protection Regulation, an increased awareness of digital payments, and the increasing use of social media with poor cyber-security awareness. More than one third (34%) of Indian organizations hold the opinion that careless or unaware employees are the biggest vulnerability for their operations when it comes to cyber security. What is

even more surprising is that senior executives who (despite their high-ranking positions) are reportedly the “weakest link” in the corporate cyber security chain.

## Ecuador - Claims Handling

Claims handling requirements set forth by the Ecuadorian insurance regulator's (Superintendencia) cause some of the difficulties for foreign reinsurers placing global programs within the country. As per local regulations, local insurance companies are required to pay claims under certain policies within a period of 10 days following an award by the Superintendent's finding in the insured's favor. As a common rule, regulators in Latin America tend to be pro-insured. This is especially true if the claim concerns state-owned companies. Ecuador is no exception to this.



If the insurer would like to make an appeal against the Superintendent's decision, the insurer must pay the claim in advance. In other words, the insurer has to pay in order to play. It is important that Reinsurers must take into account that all documents submitted to the Superintendent have to be in Spanish. The same difficulties arise when the reinsurance contract contains a claims cooperation clause. The flow of communication between the relevant parties is slow, making it difficult to comply with the deadlines imposed by the Superintendency.

On the positive side, the new government elected in 2017 has targeted corruption and poor market practices. There is therefore an expectation that the Ecuadorian Superintendent will not wish to be seen as biased in favor of insureds. In addition, there are some features of the Ecuadorian process which can assist reinsurers in ameliorating these difficulties. Local insurers, and consequently their foreign reinsurers, have two separate ways to appeal against any resolution issued by the Superintendent. For more information about these processes, please reach out to any member of the Globex Underwriting Services Team.



- Involved in the placement of a Reinsured Marine Stock policy in China for a multinational corporation that designs, tests, and manufactures customized optoelectronics and advanced electronic systems to original equipment manufacturers worldwide.
- Arranged the placement of a Reinsured Professional Indemnity policy in India for a business focused on outsourcing services and technology for a variety of operations within companies of global clients.
- Successfully secured the placement of Fronted Commercial General Liability and Professional Liability policies in Peru for a multinational company that designs, develops, and manufactures industrial anti-corrosive plastic valves used in the aerospace, chemical, logistics, nuclear, and military industries.

- Diligently worked to place a Reinsured Erection All-Risk policy in Russia for a world leader in the supply of passenger carrying robotics and automated guided vehicle attractions for entertainment and education purposes.
- Coordinated the successful placement of a Stand-Alone Commercial Auto Liability Policy in Puerto Rico for a company that designs and manufactures equipment used in the filtration, separation, and processing of fluids.
- Instrumental in placing a Fronted Directors and Officers Liability policy for a privately-owned company that has developed a bauxite mine in the Republic of Guinea.

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