



## GLOBEX UPDATE

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

**Volume 2, 2020**

**Visit us at: [www.globexintl.com](http://www.globexintl.com)**

**We hope all of our colleagues and partners and your families around the globe are doing well in this incredibly unusual and challenging time.**

**Everyone at Globex is doing fine and working very hard to keep business as usual.**

**If there is anything that we can help, please do not hesitate to contact any member of the team.**

***Stay well and healthy!***

### East Africa - The Case For a Single Currency

Governments in East Africa have put forth a proposal that aims to have a single currency in place in that region by 2024. Heads of State have approved the establishment of the East African Monetary Institute (EAMI), which will later be converted into the East African Central Bank. This bank would then issue the single currency. Eventually the integration will form the East African Monetary Union.



What does this mean for insurers and risk managers? For one, the headache caused by currency rate fluctuations within the region will be removed. Secondly, the varying tax rates too will be eliminated, enhancing cross border trade and investment in the area. Without a doubt, these benefits will also be welcomed by foreign reinsurers who establish business in these countries.

### Australia and New Zealand - Showing Highest Insurance Rate Increase



The Pacific region, namely Australia and New Zealand, have seen a marked increase in premium rates, following an upward trend since 2015.

Double-digit increases have been reported for CAT and non-CAT risks, in both Australia and New Zealand. Pricing has been up between 10% to 20%, and in some cases even higher. Rate hikes have been observed across many industries

(including real estate, mining, and downstream energy) as a result of reduced capacity and appetite from major insurers.

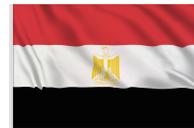
In the Casualty arena, rates have increased in the mid-single digits, around 5-6% per annum, a fairly consistent yearly increase. Financial and Professional lines on the other hand, have experienced a marked hike of more than 25%, marking 10 straight quarters of double-digit increases. In the D&O market, the driver for price change continues to be securities class action claims. The largest increases are being experienced on side C exposed listed company D&O, where increases of 100% or more have become common. Financial services Professional Indemnity (PI) has also experienced increases of a similar magnitude.

The claims environment has led a number of major insurers in the local market to retreat, with the remainder taking firmer positions on price, capacity, and retentions.

## Egypt - No More Backdated Policies

Effective February 1, 2020, the Egyptian Insurance Regulator prohibits the issuance of any back dated policies or endorsements in this country.

This prohibition does not apply to CAR/EAR policies, which can only be backdated up to 1 month per year of construction (i.e. for a 36-month project, a policy can only be backdated up to 3 months). Any policy requiring a longer backdated period will need special written approval from the Regulator, and should have justifiable grounds for the exception. In the case of any non-compliance, local insurers will be sanctioned with high penalties.



## USA - The Excess and Surplus Lines Market



The Excess and Surplus Lines market is seeing a strong flow of insurance submissions as standard markets cut back on coverage, offering limited capacity and risk appetite. Due to decreased capacity in both the Property & Casualty standard markets, a considerable number of cases are flowing into the E & S side. In some cases, standard line markets that once insured whole lines are breaking up the lines and insuring part of the risk in the wholesale market.

In addition, market experts anticipate the E&S industry will respond to coverage challenges such as the one presented by the recent coronavirus pandemic. Several global carriers have started to incorporate an endorsement to its hospital professional liability policies, but many exclusions on the majority of policies will result in insureds approaching the E & S market for cover.

*For any additional information regarding the USA E & S market, please do not hesitate to contact any member of the Globex Team.*

- Placed Commercial General & Property Liability reinsured policies in Cambodia for a USA based global manufacturer and distributor of licorice candy.
- Secured fronting Directors' & Officers' policy in Mexico for an industry leader in the engineering design, commissioning, start up, and maintenance



testing for utility, industrial, transit, data centers, and commercial facilities.

- Involved in the placement of a reinsured Inland Transit policy in China and a local admitted Inland Transit policy in Canada for a global manufacturer for the paper industry, supplying paper machine clothing and other fabrics.
- Placed an Import reinsured policy in Malaysia for one of the world's major manufacturers of microphones for medical and other applications.

Globex Underwriting Services | a division of Globex International Group | Tel: 1-203-256-1475  
Globex@globexintl.com | 100 Beard Sawmill Rd. Shelton, CT 06484, USA