



## GLOBAL UPDATE

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

**Volume 4, 2020**

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**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!***

### **Singapore - Changes For Employer's Liability**

The current coverage for Employers Liability (EL) in Singapore is built within the regulatory Workers' Compensation (WIC) scheme, which covers all claims arising from incidents from and in the course of work. As long as the employee suffers an accidental injury at work, the WIC cover will provide compensation. There is no prerequisite condition to prove the employers' gross negligence, which would be the case for a pure EL policy. The way to provide pure EL coverage is to then carve out EL by means of adding a Common Law endorsement onto the WIC policy. The Common Law endorsement limits the coverage to only include injuries caused by employer negligence.



As of September 1, 2020, a change in employee benefits may take place: under the new WIC policy wording, this Common Law endorsement may no longer be available and therefore all types of work injury (negligent or not) will be covered under WIC. The Singapore government will no longer be involved in EL claims, as these will be covered by the WIC provided by local insurers.

In addition, WC could be 100% reinsured in the case of any multinational programs, which is positive news for foreign reinsurers who may no longer be subjected to local tariff rating for this line of business. The decision will likely be finalized closer to the September 1 deadline. For any developments on this matter, please reach out to your Globex Account Manager.

### **India - Unoccupancy Clauses for Property Policy**



Standard Property Fire policy wording in India includes Unoccupancy Clauses. If any premise is left unoccupied for a certain period of time, the insurance coverage can be ceased.

In the midst of the current global pandemic, thousands of premises in India are currently unoccupied, and security measures are challenging to put into place. Therefore, many local insureds in India raised the concerns of maintaining their Property coverage during the mandatory national lock-down. The Indian insurers are well aware of these concerns and are open to work with the local insureds and brokers to maintain the coverage with no interruption. Each local insurer has their own guidelines and requirements. The local brokers and insureds are encouraged to reach out to their insurers and inquire about this matter as early as possible to avoid any possible coverage disruption.

For any questions or additional information regarding Unoccupancy Clauses in India, please do not hesitate to contact any member of Globex Underwriting team.

## Saudi Arabia - VAT Increases

The Kingdom of Saudi Arabia is tripling its value added tax (VAT) as part of austerity measures to support its coronavirus-hit economy. The government in Riyadh also said it will suspend its cost of living allowance to shore up state finances.



The oil-rich nation has seen its income plummet as the impact of the pandemic has forced down global energy prices. The kingdom first introduced VAT two years ago as part of efforts to cut its reliance on world crude oil markets. Saudi Arabia's state news agency said VAT will increase from 5% to 15% as of July 1, while the cost of living allowance will be suspended beginning June 1.

The living allowance of 1,000 riyals (\$267; 245 euros) per month for state employees was introduced in 2018 to help offset increased financial burdens including VAT and a rise in the price of petrol. The announcement came after state spending outstripped income, pushing the kingdom into a \$9bn (£7.2bn) budget deficit in the first three months of the year. Total oil revenues have fallen by 22%, and at the same time, Saudi Arabia's central bank saw its foreign reserves fall in March at their fastest rate in at least two decades and to their lowest level since 2011.

## Australia - Commercial Rates\*



Commercial rates in the Pacific region, where Australia is the largest market, recorded their strongest increase of 23% in the first quarter of 2020, continuing an upward trend that began in 2015. Property insurance pricing increased 23% in the quarter, the 10th consecutive quarter of year-over-year double-digit increases. Similar increases were reported for CAT and non-CAT risks in both Australia and New Zealand. For many clients, pricing increases exceeded 30%. The main drivers of the increases were bushfires, severe hailstorms, and flooding in December and January. Casualty pricing rose 8% despite increased competition, with some risks experiencing increases ranging from 10% to 20%. Financial and professional liability pricing rose more than 30% in the quarter, marking 11 straight quarters of double-digit increases, with Side C-exposed listed companies seeing the largest increases, often greater than 100%. Globally, commercial insurance prices rose by 14% in the first quarter of 2020.

\*This article is courtesy of our Globex Broker Services operation.

- Secured a multinational program for Ocean Marine Cargo & Inland Transit policies across Canada, China and Sri Lanka for a leading manufacturing, distributing and engineering service for off-the-road tire and wheel products.
- Instrumental in placing a multinational reinsured Directors' & Officers' program in China, Mexico and South Korea for a fast-growing premium spirit company.
- Bound International and Inland Transit policies in China, Japan and Mexico for a long-time leader in the scientific community, involved in pioneering scientific technologies for better detection, imaging and informatics for a healthier world.
- Placed an Employer's Liability policy in Belgium for a security guard service company.
- Secured a Marine Cargo Import and Export policy in Mexico for a leading provider of metals, services, and supply chain solutions.



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