



GLOBAL UPDATE

Events, developments, and opportunities in the international marketplace

Volume 6, 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 do to help, please do not hesitate to contact any member of the team.

Stay well and healthy!

Nigeria - Insurance Regulator Revises Recapitalization Timeline

Insurance regulators across some African nations are providing local insurers with additional time to meet their recapitalization requirements. The COVID-19 pandemic, which has practically stalled business, is a major reason for the deadline being moved from December 31, 2020.



In Nigeria, the National Insurance Commission (NAICOM), will be conducting the new recapitalization process in 2 phases:

Phase 1: All insurers will have to come up with 50% of the minimum paid-up capital by December 31, 2020. Reinsurance companies will have to come up with 60% of the paid-up capital.

Phase 2: Insurance companies are required to fully comply with the approved minimum paid-up capital not later than September 30, 2021.

For Nigerian insurers, although the 6-month deadline extension has provided much relief, many of the smaller companies are finding no alternative but to merge or be acquired by the better capitalized markets, in order to meet the capitalization regulation.

How would capitalization regulations in Nigeria affect multinational programs?

With pressure to increase capitalization within Nigeria, the consolidation in the industry would likely result in the emergence of bigger, stronger and more resilient players, which

will be better placed in underwriting risks. On the flip side, it will be no surprise if overseas cessions to foreign registered reinsurers begin to decrease even more.

Saudi Arabia - Further Guidelines on the Increase in VAT



Our previous monthly newsletter included an article on the tripling of the VAT in the Kingdom of Saudi Arabia. As of July 1, 2020, the VAT in this country goes up from 5% to 15%. Further to this decision, the Saudi authorities, SAMA, have published guidelines on the transitional provisions.

As per the latest guidelines, for any contracts signed before May 11, 2020, the 5% VAT rate will apply until the 12-month renewal or June 30, 2021, whichever comes earlier. For contracts signed on or after May 11, 2020, the 15% VAT rate will apply to the period after June 30, 2020.

Belgium - Workers Compensation Refresher

Workers Compensation cover in Belgium is not always readily understood, so below is a brief refresher.

This is a compulsory cover, issued by only a handful of licensed carriers in Belgium. The risk and premium must be retained locally within the country.



Taxes and statutory limits are determined by the authorities on an annual basis at the end of each preceding year. For instance, for policies incepting in 2021, the taxes and limits will be determined around November or December of 2020. Changes in limits vary as per the cost of living. However, taxes will fluctuate depending on how much tax income the government aims to obtain for any particular year.

Workers Compensation policies can only incept from January 1 of any one year, and will run the 12 months, unless the cover is required by a brand-new entity, in which case a Workers Compensation policy can incept mid-year, and run the entire following calendar year. Policies will run the length of the year and can only be canceled by a certified letter from the local insured to the carrier requesting the termination. As tacit renewal is a standard market practice in Belgium, the cancellation should be issued no later than October 1 of that year.

Australia - Directors' & Officers' Market: What can we Expect?



We have come across articles on the rate increases in the Directors' & Officers' market in Australia, and what we can expect for upcoming renewals. Below are some of the highlights that our friends on the ground in Australia have shared with Globex Underwriting Services:

- The Australian insurance industry is experiencing a decrease in available capacity, partly as a result of the Lloyds of London market not willing to provide support, given the size of losses across the portfolio.
- Class actions funded by litigation funders are growing on public listed companies.

· Insureds who require large limits of D&O cover on Sides A, B & C, can obtain this from insurers by purchasing insurance in excess layers; what is interesting is that the layers are being priced as though they were primary. The assumption from insurers is that any claim will burn all layers.

- Excesses have increased with Side C now starting at 1 million AUD\$. Market experts project that there may be virtually no primary market for Side C in the next 12 months.
- The hardening of rates in Professional Lines across all professions are experiencing increases between 25-150%.

For any additional information regarding this topic, please reach out to any Globex team member.

- Secured a reinsured General Liability and Property Liability program in Mexico for a company working with partner restaurants to provide meals for the needy.
- Instrumental in placing a fronting Marine Cargo policy in Ecuador for a leading provider of high-quality fresh fruit, vegetables and food products.
- Bound an Errors & Omissions policy in the United States for a provider of transport and logistic solutions.
- Placed a multinational General Liability and Property program in Australia, Brazil, China, France and Germany for a best-selling footwear brand.
- Secured a multinational Inland and International Transit policies in Brazil, Canada, China, India, Japan, Mexico, Saudi Arabia, UAE, the UK and a Freedom of Services program for one of the largest online retailers.



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