



# Multinational Underwriting Services

## GLOBEX UPDATE

Volume 1

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

### **Ecuador - Major Changes in Withholding Tax for Foreign Reinsurers**

As of January 1, 2015, foreign reinsurers will be subject to higher RI taxes, which will vary from 5.5% to 22%. The tax bracket will depend on variables which include the premium volumes as well as where the foreign reinsurer is domiciled. For more information about the nuances, please contact any member of our Globex Team.

### **Terrorism Cover Becoming More Specialized**

In the wake of the recent extremist attacks in Paris, specialist terrorism and political violence insurers are expecting a surge in enquiries for non-standard covers. Standard terrorism market wordings only provide cover for business interruption losses that arise from physical damage to property. However, the terrorist attacks in Paris caused business interruption in the absence of any real damage to assets. In the realm of increasing political instability across the globe, insurers are offering specialty Terrorism and Political Violence cover as the demand for such products arises among companies all across the world.

### **Dominican Republic - Tax Decrease in RI Tax**

Effective January 1, 2015, the RI tax decreases from 2.8% to 2.7%.

### **USA – TRIA Finally Renewed**

As a result of the September 11 attacks, all commercial reinsurance contracts that renewed by July 2002 included absolute terrorism exclusions. In a move to encourage local insurers to remove the exclusions, the USA Congress enacted the Terrorism Risk Insurance Act (TRIA) to serve as a federal reinsurance backstop against losses arising from acts of terrorism. TRIA was designed as a short term solution, but due to various reasons, mainly unrest among insurers, TRIA was extended to expire on December 31, 2014. The result: thousands of insurance policies were canceled immediately, as those policies required the existence of TRIA. Fortunately for the commercial real estate market, on January 8, 2015, Congress passed a revised version of TRIA which will extend for another 6 years. Under the revised program, federal assistance would start when losses reach \$100 million with an increase of \$20 million per year, so that by year 2020, the loss threshold would be \$200 million.

### **From Our Friend at Worldwide Risk Solutions, Here Are Some Tidbits From Around The World...**

● As of January 1, 2015, the Egyptian Financial Supervisory Authority (EFSA) will require reinsurance companies to be registered with the regulator. ● Indonesia's Islamic insurance market will be reshaped over the next decade by a new law which requires conventional firms to spin off their Sharia-compliant units, while encouraging more foreign investors to enter the market. ● Demand for re/insurance in the MENA region is increasing as a consequence of soft market conditions. Low penetration levels mean this is a good time for foreign reinsurers to assess their risk strategies in the area.

### **RECENT SUCCESSES**

- Secured Property fronting policies for a global toy maker and distributor in 9 countries.
- Instrumental in placing Commercial General and Products Liability fronting policies in Russia and the Philippines.
- Secured Marine fronting policy for a petroleum giant in Malaysia.
- Placed Inland Transit local admitted paper for a global contractor and engineer of power generators in Algeria.
- Secured Commercial General Liability and Products Liability policies for a leading manufacturer and distributor of fragrances, flavorings and additives in Brazil, USA, China, Mexico, Colombia and Poland.
- Placed fronting Marine policy in Japan and China for a leading manufacturer and distributor of consumer electronics.
- Instrumental in placing Commercial General Liability and Products Liability fronting policy in Jordan.
- Placed Marine fronting policy in Kenya for a global leader in labeling and packaging materials and solutions.



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