



# Multinational Underwriting Services

## GLOBEX UPDATE

Volume 5

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May 2015

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

### **Saudi Arabia - Second biggest GCC Insurance Market**

Saudi Arabia's insurance market is the second-fastest growing in the Gulf Cooperation Council (GCC) and has good potential for further gains due to its low insurance penetration levels. The growth of Saudi Arabia's insurance market over the last few years stemmed from several factors, including the Saudi Arabian authorities making health, unemployment, motor third party liability coverage compulsory; the increasing awareness of the need to purchase insurance products; the favorable economic conditions; and prudent actuarial reserve modelling introduced by the regulator in 2013, which has spurred rates hardening in the medical and motor lines. While medical and health insurance dominate the Saudi insurance market, experts expect other types of cover, including life and non-life insurance, to gain ground in the coming years.

### **India - Service Tax to Increase**

Effective June 1 2015, the Service tax on premiums in India will increase from 12.36% to 14%.

### **Political Risk Coverage in Asia and Africa**

Capacity in the insurance market for Political Risk coverages is abundant, despite increasing turmoil in many parts of Africa. Insurers are willing to provide protection for operations in risky developing economies. This is good news for buyers, as multinational groups have expanded their presence in Africa and Asia in their quest for commodities, cheap suppliers and consumption-led growth. In Asia, a counterpoint to the political turbulence is stability in economic rules. This is particularly the case in newly liberalized Myanmar, Thailand, and Bangladesh. The last two are important cogs in the supply chains of global manufacturers.

### **Foreign Direct Investment in India**

After seven years of waiting, the insurance market in India is now open to foreign direct investment (FDI). The total foreign investment limit in the insurance sector has been raised from 26% to 49%. This cap includes all forms of foreign investment including foreign direct investment, foreign portfolio investment, depositary receipts, and non-resident Indians. In addition to the increase in FDI limits, the ability to raise financing other than by equity and the opening up of the re-insurance market are all positive signs, leading to further investment in the insurance sector in India.

### **From Our Chief Underwriting Officer at Globex: Worth Knowing Today.....**

After declining sharply in 2009, overall Mergers & Acquisitions activity in the insurance sector remained relatively subdued in the ensuing years. In recent months activity has picked up again, while the pipeline of future deals has also increased; total M&A announcements in the second half of 2014 rose to 359 from 295 in the first half, and this momentum continued into 2015. Survey evidence also indicates that sentiment towards M&A is turning as confidence about the economic outlook gradually improves and market participants look to acquisitions or mergers to boost profitability as well as bolster their balance sheets.

### **RECENT SUCCESSES**

- Secured Marine Cargo fronting policies in Bolivia and Dominican Republic for a global alcoholic beverage producer and manufacturer.
- Instrumental in placing Commercial General and Products Liability fronting policy in Philippines for an innovating firm, producer and distributor of surfaces and custom-made furniture using natural products.
- Secured Directors' & Officers fronting policies in India, Russia, China, Mexico, and non-fronted policy in Brazil for a global manufacturer and distributor of denim clothing.
- Secured fronting Professional Indemnity policy in the UAE for a major architects and design engineers firm.
- Placed fronting Ocean Marine policy in China for a leader in manufacturing, active in flooring, packaging, plastics, polymers, textiles, and industrial yarns for carpet manufacturing.
- Placed Ocean Marine Cargo fronting policy in Philippines for a global provider of device protection and support services for smartphones, tablets, consumer electronics, appliances, satellite receivers, and jewelry.



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