Multinational Underwriting Services
GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

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Key words in this issue: Iran, Australia and Climate Change Risks

Iran - Western Insurers Treading Cautiously

Western insurers are slowly reaching deals with Iran as they seek to re-enter a multi-billion dollar market although the pace of business is hampered by banking restrictions 10 months since the lifting of international sanctions. Iran is in more active talks with insurers to provide cover in a market valued at US $9 billion overall last year and potentially double that in the next decade. Western companies need insurance in order to resume business with Iran. Shipping and trade credit insurance, which remove the risk of non-payment for goods, are the first types of insurance being offered. As Iran has aimed to ramp up oil exports, securing marine insurance has been crucial. Top tier Western ship insurers have started offering services in recent months. Ship insurers say that there are still constraints on payments given a freeze on using the US financial system. Problems remain in relation to the channeling of payments through the banking systems, both in relation to collection of premium and settlement of claims. This is due to the reluctance of many banks and financial institutions to process such payments, and is now the main concern for insurers and reinsurers. US banks are forbidden to do business with Iran under domestic sanctions still in force. European banks also face problems, since transactions with Iran in dollars cannot be processed through the US financial system. Large insurers and reinsurers are looking closely at Iran, but say concerns about payments still prevent them from doing business there. Lloyd's of London had historically been active in Iran and its Chairman John Nelson said it was a "market we would like to get back into". "We have to just be clear, the U.S. sanctions are still very restrictive," Mr. Nelson stated.

Australia - Company Directors Must Consider & Disclose Climate Change Risks

Australian company directors must consider and disclose climate change risks to escape liability for breach of duty. This was the outcome of discussions of a senior executive roundtable to consider a newly-released legal opinion, which was about how corporate law requires company directors to consider and respond to climate-related risks to their businesses. It emphasizes that as the economic and environmental implications of climate change intersect, company directors are legally empowered to elevate climate-related risks and opportunities to the forefront of corporate strategy. Directors who do not consider these issues properly, or who overlook climate change altogether, risk personal liability for failing to act in their companies' best interests. Australian companies are exposed materially to the physical risks of climate change and the transition risks to a low carbon economy. Directors must proactively address this reality, and regulators need to set clear expectations for management and disclosure of sustainability risks.

RECENT SUCCESSES

- Placed Inland Transit policy in Brazil for a leading manufacturer of natural food coloring.

- Secured fronting D & O policy in China for a global producer and distributor of innovative packaging supplies.

- Placed fronting Liability policy in Philippines for a leading manufacturer of building products for residential construction, remodeling, and commercial construction.

- Secured fronting Inland Transit policy in Taiwan for a global apparel and shoes company.

- Instrumental in placing a Liability policy in South Korea for a non-profit media organization serving public radio stations.

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