



# Multinational Underwriting Services

## GLOBEX UPDATE

*Events, developments, and opportunities in the international marketplace*  
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**Key words in this issue: Vietnam, Brazil D & O Market, The Insurance Act 2015.....**

### **Vietnam: Higher Retentions of Risk and Premium**

Insurers in Vietnam are being subjected to Decree 73/2016/ND-CP, issued by the Vietnam Government on July 1, 2016. This states that a maximum cession to any foreign reinsurer cannot be higher than 90%. Whereas previously local retentions were as low as 1%, the government is working hard to keep as much risk in the country as possible.

### **Brazil: D & O Market Trends**

Insurers who sell policies limiting executives' liability from lawsuits, have seen a surge in business thanks to recent corruption scandals and a rash of corporate bankruptcies in Brazil. The country's Directors' & Officers insurance market has more than doubled in value since 2011. Such policies, which cover claims against senior executives for the decisions and actions they take as part of their management duties, typically cover legal bills arising from a criminal investigation. In addition, a severe recession has contributed to a surge in claims to about 47% of premiums by 2015, up from just 9% in 2011. Typically, bankruptcies trigger tax, labor and environmental liabilities against companies and their executives. Some insurers trying to manage soaring claims have resorted to barring firms with severe financial woes or links to corruption probes. Companies with extensive government contracts were also seen as particularly hard to insure. Premiums have soared, with some clients paying up to 50% more to renew their annual policies. The Brazil D&O market which remains, underpenetrated by global standards, is expected to expand at an annual rate of at least 15%. Often used as a bargaining chip when executive compensation is being negotiated, D&O policies are widely used in the Brazilian market. Multinationals also occasionally buy local D&O policies for their executives to insulate them from domestic legal claims.

### **United Kingdom: The Insurance Act 2015**

A new insurance Act has been signed into law. The new Law took effect on August 12, 2016. The provisions of the Act apply to all (non-consumer) contracts of insurance and reinsurance that are governed by English law regardless of the country in which the policy is underwritten. It also applies to any variations to existing insurance contracts made after 12 August 2016. The Act tries to help level the commercial playing field in the English insurance market by addressing what is perceived to be a legal imbalance in favor of insurers. It also updates existing (and arguably outdated) rules which no longer reflects good market practice in the 21<sup>st</sup> century. For more information, please contact any member of the Globex Team.

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### **RECENT SUCCESSES**

- Secured fronting General and Property Liability policies in China, Netherlands and Germany for a global producer of bike transmissions.
- Placed Transit policy in Brazil for a life sciences consulting firm.
- Secured Inland Transit policy in Mexico for a global vegetable seed technology and breeding company.
- Placed a Ship Repairer's Legal Liability fronting policy in Mexico for a major ship repairing firm.
- Placed 7 reinsured and stand-alone policies in Asia and Mexico for a leader in computer products.
- Secured reinsured policies for a 40 country multinational program for a leading manufacturer and distributor of household and personal care products.
- Placed Property Damage and Business Interruption policy in the UK for a leading wire manufacturer.