



Multinational Underwriting Services

GLOBEX UPDATE

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Iran and the Lifting of Sanctions

Most of the US and EU imposed economic and financial sanctions against Iran have now been lifted under the joint comprehensive plan of action (JCPOA)* which provides for extensive relief from existing sanctions. At the same time there has also been a partial lifting of US secondary sanctions measures and prohibitions, i.e., measures and prohibitions on non-US persons and entities. Secondary sanctions will, however, continue to apply to non-US persons where, for example, they knowingly facilitate significant financial transactions with or provide material or certain other support to those Iranian or Iran-related persons that remain or are placed on the specially designated nationals (SDN) List. However, the US administration has not repealed or relaxed certain primary US prohibitions on US entities engaging with Iranian businesses and persons. Prohibitions on US financial institutions, US dollar transactions, and the provision of insurance by US insurers and reinsurers will remain in place. Despite the lifting of sanctions announced on implementation day, US persons will continue to be generally prohibited from exporting goods, services or technology directly or indirectly to Iran, including extending insurance cover to, or paying claims involving Iran, with the exception of transactions that are exempt or authorized by the Office of Foreign Assets Control (OFAC). The effect of the continuation of US primary sanctions has various effects. It will not be possible for ship owners or charterers to engage in Iran trades or with Iranian entities in US dollars and many banks and financial institutions with US interests will be unable to engage with Iran at all or will only do so to a limited extent. Specifically the continuation of US primary sanctions against Iran will continue to impact upon the ability of US insurers and reinsurers to provide cover to Iranian entities and for claims by Iranian entities or involving Iran trade. As US retains its "primary sanctions", US insurers and reinsurers may be unable to meet their obligations to pay a claim with an Iranian nexus. This could apply to both Iranian vessels and any other vessel having a casualty or claim in Iran, or with an Iranian connection.

Thailand – Increase in Foreign Investment

Thailand will soon allow freer foreign investment in four business areas: life insurance, non-life insurance, commercial banks, and representative offices of foreign banks. Foreign investors in these sectors in Thailand will no longer need to seek a license from the Foreign Business Act (FBA) committee to hold stakes of more than 50%, when they are removed from the list of businesses requiring such permission. The objective of this move is to promote competition, particularly in commercial banking and insurance services, and support investment in the country.

RECENT SUCCESSES

- Placed Marine Cargo fronting policies for the world's leading manufacturer of mining and construction equipment in South Africa, China and Russia.
- Secured fronting policies for Inland Transit and Storage in Japan and China for a global manufacturer and distributor of clothing apparel.
- Instrumental in placing Inland Transit policy in Canada for a leading wedding apparel distributor.
- Placed local admitted Marine policy in Algeria for a world manufacturer and distributor of power generators.
- Secured Transit and Warehouse policies in Japan and Indonesia for a Chinese based multinational computer technology company.
- Assisted in placing local admitted Marine policies in Australia, Canada, and fronting policies in Japan, Russia and ten European countries, for the world's largest producer and distributor of aluminum.

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Sub-Saharan Africa: Rising Opportunities

A recent survey involving insurance executives and regulators, indicates that Sub-Saharan Africa is a region with increasing business opportunities. Significant population growth, rapidly rising incomes and the relatively low penetration of insurance products suggests great potential for both life and non-life products in this region. In addition, there is scope for insurers to introduce innovations in motor insurance, end-to-end mobile insurance purchases, consumer education and fraud prevention. While insurers will need to address challenges involving talent, market volatility, political risks, regulation and technological capacity, among others, there are opportunities for growth in the region. Despite lower oil and agricultural commodity prices and economic slowdowns in other parts of the world, the Sub-Saharan region's economic outlook remains strong.

As per insurance experts, there is reason to be optimistic about these markets. As a greater percentage of the population moves to urban areas and gains affluence, insurance purchases to cover healthcare and items such as cars are more likely. The Sub-Saharan economies are among the world's fastest growing, and foreign investors are recognizing the opportunities these markets present. Globex recently attended an event organized by renowned insurance industry experts, with a focus on Sub Saharan Africa. Globex can assist with the placement of local admitted policies throughout Africa. For any additional information please contact any member of our Globex team.

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