



GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

India.

With the insurance market currently accounting for less than 1.5% of the world's total insurance premiums and about 2% of the world's life insurance premiums, India is a huge business opportunity waiting to be tapped. Currently the 15th largest insurance market in the world by premium volume, India is expected to break into the top 10 markets by 2020 if current growth levels persist. A large and relatively young population, greater income levels and massive infrastructure development plans by the government will continue to drive insurance penetration in the country. This has drawn the attention of foreign investors to the market, including a number of insurance majors. The FDI in the insurance sector more than doubled during the first half of the current financial year to \$341.43 million and, as a result of the government increasing the FDI limit from 26% to 49%, a number of leading players have increased or are planning to increase their stakes. The Indian market currently consists of 24 life and 28 non-life insurers with GIC Re being the sole national reinsurer. The non-life industry is currently writing premiums of \$13 billion per annum, with the growth in the last 12 months at 17%. This growth will continue to be dominated by motor and health portfolios and the country's total insurance market is expected to quadruple in size over the next 10 years from its current size of \$60 billion.

New Zealand.

New industry standards have come into effect for general insurers that for the first time introduce timeframes for responding to claims. Insurers could face penalties of up to NZ\$100,000 (US\$68,500) for breaching the standards. The Insurance Council of New Zealand (ICNZ)'s new code of conduct, the Fair Insurance Code, applies to its members which include most of the country's largest insurance companies. The Code came into effect on 1 January. The Code requires insurers to respond within 10 days to say if a claim has been accepted - and provide updates every 20 days if more time is needed or in the event of a backlog due to a large-scale event. The new code addresses issues that arose from the Canterbury earthquake experience as the previous code didn't take into account catastrophe situations and didn't set out any timeframes. The maximum fine under the previous code was NZ\$500. The hefty new penalties of up to NZ\$100,000 - together with independent scrutiny and public reporting of breaches - will give the regime "real teeth".

Philippines.

As many as eight non-life insurance companies in the Philippines may be up for sale this year as they are unlikely to be able to comply with the higher capitalization requirements set by law. Between five and eight companies have advised the Insurance Commission that they are considering offering themselves for sale or to be merged with other firms. Under the insurance law, all life and non-life insurance companies must have a net worth of at least PHP250 million (US\$5.3 million) as at the end of 2013. At the end of this year, that minimum capitalization will more than double to PHP550 million and will then increase to PHP900 million by the end of 2019 and PHP1.3 billion by the end of 2022. Data from the Philippine Insurers and Reinsurers Association (PIRA) show that as at the end of December, 35 insurance companies already had a net worth of at least PHP500 million. However, the net worth of 30 other companies was still below the PHP500-million mark.

RECENT SUCCESSES

- Implemented local Globex Partner broker services for a catering equipment and supplies company with operations in Australia and China as part of a Controlled Program.
- Placed an International Property and Liability package for a firm of Nuclear Reactor training consultants.
- Placed an Aviation Liability program for an overseas supplier of aircraft engine test equipment to the US.
- Provided worldwide General / Products Liability coverage, including USA/Canada, for a Hong Kong based wholesaler of low voltage electrical products.



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