



GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

UK.

Investors around the world are starting to sweat about next week's UK referendum on the European Union. New opinion polls show the UK public could vote next week to leave the EU - the so-called Brexit option. The polls may not be a reliable guide but traders sense that support is growing for Brexit, and they're responding by selling stocks and the pound. The FTSE 100 is down 5% in June, and the pound has lost four cents against the US dollar over the same period. Uncertainty about the outcome and the impact on the economy is making currency markets particularly nervous. The June 23 referendum is the biggest political decision Brits will have faced in a generation. Those in favor of leaving say European regulations stifle UK businesses and leaving would boost the economy. They also say Britain would regain control of its borders and be able to limit immigration. Those campaigning to stay - including the government - paint a much grimmer picture of life outside the EU. They say trade and investment would suffer, triggering a recession, killing jobs, slamming the pound and causing house prices to fall. Polls have been volatile during the campaign, and have a poor recent track record - they got last year's general election result wrong. But "Brexiters" seem to have gained ground. Six new polls have shown that, on average, 51% of voters will opt to leave the EU. While betting odds still indicate the UK will vote to stay, the chances of a Brexit seem to be rising.

China.

China just launched its first insurance exchange platform, the Shanghai Insurance Exchange (SHIE). The CNY2.235-billion (US\$341 million) nationwide comprehensive insurance service platform aims to serve insurers and consumers globally. SHIE's functions include: launching and registering insurance products; trading of insurance products and related services; provision of administrative support for exchange platforms; and offering a platform for reinsurance business. The increasing demand for insurance in China requires more products in the market and the new bourse will further diversify Shanghai financial markets' function while promoting the gathering of international insurers and reinsurers in the city. First mooted in 2010, it is understood that SHIE will combine the insurance practices of the British market, especially Lloyd's, and the US market, especially the New York Insurance Exchange and New York Cat Insurance Exchange. SHIE is expected to collaborate with China's CNY300-billion national insurance investment fund to spearhead the country's infrastructure development and meet Shanghai's goal of becoming an international insurance center by 2020. Of the 91 shareholders, 75% are from the China insurance industry and the remaining 25% from non-insurance sectors.

Turkey.

The Turkish non-life insurance sector made a good start to 2016 by chalking up underwriting profits of TRY108 million (US\$36.9 million) for the first quarter. Total written premiums reached TRY10.7 billion, a 35.6% increase over the same period last year. Improvement was shown in motor business, where premiums jumped by 116% and underwriting losses were more than halved to TRY337 million. There was also a significant increase in profits in fire and natural disaster insurance, with underwriting gains of TRY89 million compared to profits of TRY29 million in Q1 2015. Overall, in the first three months of 2016, non-life insurance premiums soared by 38.3% while life insurance premiums rose by 16.3%.

RECENT SUCCESSES

- Placed Kidnap and Ransom coverage for executives traveling in high hazard countries that were excluded under a standard carrier's policy.
- Quoted and bound companion Punitive Wrap policies in the Bermuda market for a US insured's domestic Umbrella placements.
- Worked with US partner broker to implement an overseas service program for a sports technology company utilizing Globex partner brokers in 5 territories.
- Bound General & Employers' Liability policies in China for a rep office of a UK manufacturer.



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