



# Multinational Underwriting Services

## GLOBEX UPDATE

*Events, developments, and opportunities in the international marketplace*

Volume 12

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December, 2015

**Key words in this issue: IRDAI, UK Floods, Mexico Tax Residency ... HAPPY NEW YEAR!!**

### India – IRDAI Regulatory Changes

The Indian insurance regulator, IRDAI, has redrafted its regulations to give the only domestic reinsurance company, the state-owned GIC Re, preference over foreign reinsurers who have set up branches in the country for cessions by Indian insurers. This is the third time that the regulations on foreign reinsurers have undergone a change. In the first draft in April of 2015, IRDAI had proposed giving preference to GIC. However, after foreign reinsurers expressed reservations, a second draft was issued in May 2015 whereby Indian insurance companies, after having ceded the mandatory 5% to GIC, were free to cede the business overseas to foreign reinsurance companies. Despite push back from both foreign entities and among the local market, the latest proposal is unlikely to be revised. In its draft IRDAI claims that "The Authority based on the advice received from the Government of India in the Authority meeting proposes the following amendment...". Exactly how and when the changes will impact reinsurance placed within India will be a matter of time. As April 1st is the beginning of the fiscal year in India, the impact of the changes will most likely be overt by the end of the first quarter of 2016. Globex will continue to monitor the progress and keep our clients updated.

### UK – Torrential Rains and Flooding

The Environment Agency said Britain had faced an extraordinary period of severe weather and flooding in December, with consultants PwC warning that the latest deluge from Storm Frank could take total losses above 3 billion pounds (\$4.5 billion). Further heavy rain was predicted to fall throughout the end of December, as the latest storm swept across northern England, Scotland and Northern Ireland, sparking warnings of more significant flooding. PwC on Wednesday raised its estimate of insured losses from two earlier storms – Desmond and Eva – to between 900 million pounds and 1.2 billion pounds from an earlier range of 700 million to 1 billion pounds. A government-backed scheme to make flood insurance affordable is due to launch in April. However, the scheme, Flood Re, does not cover small businesses. Consultancy KPMG has put the potential economic losses at more than 5 billion pounds, including 2 billion pounds for flood defenses.

### Tax Residency Form 6166 for Mexican Placements

In preparation for 2016, all foreign reinsurers who wish to place reinsurance business in Mexico are expected to submit as part of the Reinsurance file, Form 6166. As of January 1, 2016, the Mexican regulator, CNSF, is enforcing this requirement and foreign reinsurers registered with the CNSF will have to provide original copies of their Tax residence certificate, also known as Form 6166, issued by their nations' tax authorities. This requirement had been removed in 2012, but is now being reinstated.

### RECENT SUCCESSES

- Placed Marine fronting policy in the Kingdom of Saudi Arabia for a leading manufacturer of military equipment and gulfstream engines.

- Secured fronting Property policy in China for a global provider of engineering services.

- Assisted in placing Marine policies in Europe, South Africa, Japan, Australia and Canada for a giant manufacturer and distributor of personal care products.

- Placed Inland Transit and Warehouse policy in Canada for a major provider to food and nutrition industries.

- Secured policies in Ireland, Japan, China and Germany for a digital media supplier.

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