



Multinational Underwriting Services

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Events, developments, and opportunities in the international marketplace

Terrorism Cover in the USA

The reauthorization of the federal terrorism insurance backstop early this year helped create favorable terrorism insurance pricing for most policyholders. Prior to this, uncertainty over renewal of the program, which was created by the Terrorism Risk Insurance Act of 2002, led to a slightly lower take-up rate for terrorism insurance in 2014, at 59% than had been the case in 2013 and 2012, when take-up rates stood at 62% for each year. The program expired temporarily on Dec. 31, 2014 after lawmakers failed to move on reauthorization legislation before recessing. Congress passed legislation extending the program through 2020 in early January. With TRIPRA in place, any increases in pricing were thwarted. Among 17 industry segments surveyed, educational organizations had the highest take-up rate at 82%, while energy and mining had the lowest at 38%. Policyholders in the Northeast had the highest take-up rate among regions at 74%, while those in the South and West had the lowest at 54%. The combination of a renewed federal terrorism insurance backstop as well as "robust" flows of capital into insurance and reinsurance resulted in rate and premium decreases as well as coverage improvements, mostly driven by a competitive marketplace.

Tanzania VAT as of July 1

Tanzanian VAT Act 2014 has been passed stating that insurance premiums will be subject to VAT at the rate of 18% as of 1 July 2015.

Japan and Earthquake

Japan's insurance companies are pushing for an average 19% increase in earthquake premiums as they reassess risk following the unprecedented magnitude nine earthquake four years ago. The increase could come into effect in January 2017. It may be introduced in phases and would follow a 15.5% rise approved in July of last year, the first increase in earthquake premiums in 18 years. Japan's earthquake insurance rates vary by region and are based on so-called hazard maps published each year by the Headquarters for Earthquake Research Promotion. The earthquake and tsunami on March 11, 2011, resulted in government estimates of the disaster at 16.9 trillion yen, or \$136 billion yen at current exchange rates. The insurers' bill reached a record 1.2 trillion yen, according to the General Insurance Association of Japan.

United Kingdom – Tax Increase in IPT

The standard rate of Insurance Premium Tax (IPT) will be increased by 3.5 percentage points to 9.5% as of 1st November 2015.

From Our Friend at Worldwide Risk Solutions, Here Are Some Tidbits From Around The World...

- China has set up a national compensation fund for oil spills caused by ships. Shippers and ship-owners would contribute to the fund. The new fund is likely to reach USD \$50 million capacity. Whilst ship-owners are obliged to take out liability insurance, the level of limits and adequacy of water-tight wordings makes this good news – although USD \$50 million for a large incident is not much.
- Following the decision by the Greek Prime Minister to accept bailout terms from the country's creditors, there have been changes to the Insurance Premium Tax. No one knows neither what the financial ramifications are nor, actually, how much it is going to cost them. An example of this is the announcement of the increase in the IPT in the UK from 6% to 9.5%.

RECENT SUCCESSES

- Secured Marine fronting policies in Argentina, Malaysia, Mexico, India and Turkey for a global leader in production and distribution of chemicals.
- Placed Professional Indemnity and Commercial General Liability policy in Argentina for a global provider of customer care & billing, and meter data management software solutions for utilities, pay TV and telecommunications companies.
- Secured fronting Marine policy in China for the second largest chain of supermarkets in the United Kingdom.
- Secured fronting Directors' & Officers policies in Korea and India for the world's largest e-commerce platform provider.
- Instrumental in placing fronting policy in Russia for a leading producer of medical technics wares, measuring tools, optical devices and equipment, and watches.



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