



# GLOBEX UPDATE

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

## Argentina.

The election of Mauricio Macri as president marks a moment investors have been waiting for in Argentina for a long time. In the 14 years since the country carried out the biggest default the world had ever seen, international investors watched an economy that had long been one of their favorites turn into a pariah in global capital markets. Argentina had become best known for its byzantine foreign-exchange system, the seizure of privately-owned assets and the under-reporting of inflation. Macri, a 56-year-old Buenos Aires native, is pledging to quickly reverse much of the old policies and open up an economy posting back-to-back years of almost zero growth. Investor excitement is tangible. Companies are prepping to expand their presence in the country and Argentina's benchmark stock index soared 30% in the past three months as traders anticipated the Macri victory. The challenges are substantial: foreign reserves are at a nine-year low; prices on the country's commodity exports are depressed; the budget deficit is soaring to the widest in three decades; and inflation is running at an annual pace of more than 20%. The return to growth that foreign investors are anticipating won't be immediate. If anything, analysts are warning that things could get worse initially as the new president implements the kind of tough measures -- cuts to the budget, a devaluation of the peso -- that figure to further choke off consumer demand.

## China.

Reports of losses by insurers from the Tianjin port explosions have reached almost US\$2 billion to date, with filings from 26 companies. Among those reporting third-quarter financial results this month was Hannover-headquartered Talanx which said that its loss from the Tianjin blasts stood at EUR114 million (US\$121 million). The highest costs from the 12 August explosions were suffered by European firms, led by Zurich Insurance, whose \$275 million loss was reported as partly responsible for the Swiss firm abandoning its proposed takeover of the UK's RSA Insurance Group. China Reinsurance Group said its costs would not exceed \$174 million, while Warren Buffett's Berkshire Hathaway disclosed the highest loss from a US insurer at \$130 million. Insurance losses had been estimated at between \$1.6 billion to \$3.3 billion. The Tianjin incident, which killed more than 170 people, is one of the world's most costly man-made disasters ever for the industry based on current estimates. The biggest man-made loss for insurers remains the 11 September 2001 terrorist attacks in the US, which cost the industry \$25.2 billion. The second largest was the 1988 explosion on the Piper Alpha oil and gas platform which cost the industry almost \$3 billion, when adjusted for inflation.

## Cambodia

Cambodia's non-life insurance industry saw its non-life insurance premiums surge by 20% in the third quarter to more than US\$46 million. Property insurance premiums, which account for slightly more than 40% of total insurance premiums, rose by 44.1% fueled by rising investment in hotels, apartments, restaurants and condos. Hotels and high-end restaurant owners or operators, often being foreign, require quality construction as well as insurance. Elsewhere in the sector, Auto insurance premiums rose by just over 17% and Medical insurance premiums jumped by almost 39%.

### RECENT SUCCESSES

- As key part of US broker sales team, successfully landed new large multinational account with operations in the US, Canada, and UK.
- Arranged Products Liability coverage for a Taiwan based furniture manufacturer with sales to North America.
- Placed Property and General Liability coverage for a 52 unit, 3 building apartment complex in St. Croix, US Virgin Islands.
- Provided General Liability, Crime, Errors & Omissions and Cyber Liability coverage for a consultant in India providing outsourced services to a US insured.



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