



GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

New Zealand.

New Zealand faces billions of dollars in damage from the powerful earthquake that hit the country recently. However, because the earthquake occurred in a sparsely populated area of New Zealand, the total insured value of commercial and industrial exposure is estimated to be relatively low. The Insurance Council of New Zealand (ICNZ) said that insurers would be preparing for an influx of fresh claims after the quake, but that it was too early to estimate the extent of the damage and related cost. At least two people were killed in the quake but officials say that the number may rise. Despite the widespread damage, the financial fallout will pale in comparison to the 2011 quake in the city of Christchurch that killed 185 people. Two years of budget surpluses and low government debt means the cost of the quake is unlikely to hit the economy hard or require the government to issue bonds. Private insurers in New Zealand have paid out almost NZ\$19 billion (US\$13.45 billion) so far to settle commercial and residential claims since the Canterbury earthquakes in 2010 and 2011. More than 90% of all claims had been settled by the end of September this year.

China.

The Chinese government has passed a controversial new cyber security law which requires Internet operators to cooperate with probes involving crime and national security. The law requires data localization, surveillance and real-name registration. Under the new legislation, which will take effect next June, companies will face mandatory testing and certification of computer equipment and will have to give investigators full access to data if misconduct is suspected. Overseas critics of the law say it threatens to shut foreign technology companies out of various sectors deemed "critical", and includes contentious requirements for security reviews and for data to be stored on servers in China. In addition, companies are required to report "network security incidents" to the government and inform consumers of breaches. Companies must also provide technical support to government agencies during investigations which could mean providing encryption backdoors or other surveillance assistance to the government. In the insurance arena too, industry experts say that international insurers could be required to source substandard or insecure technology or software in order to do business in China, or use products incompatible with their global operations.

United Arab Emirates.

The UAE Insurance Authority (IA) has started coordinating the establishment of an insurance pool to be formed by local insurers to provide insurance coverage to nuclear energy projects in the country. The UAE is the first country in the GCC to start developing nuclear energy. It is currently constructing its first nuclear power project which will supply 25% of the UAE's electricity needs when completed. In 2012, the UAE government set the liability for nuclear facility operators at roughly AED2.5 billion (US\$680.6 million), under a new Federal law to regulate the provisions and determine the scope of civil liability and compensation for damages that could result from a nuclear accident. Under the new Civil Nuclear Liability law, the operator of a nuclear facility is solely and exclusively liable for damages arising from a nuclear incident as defined in the 1997 Vienna Convention. It also determines the financial security that the operator must maintain and further elaborates upon the implementation of the 1997 Vienna Convention on Civil Liability for Nuclear Damage.

RECENT SUCCESSES

- Quoted and bound clinical trials insurance for a 100 patient, 52 month study being carried out at sites in Zimbabwe for drug resistant strains of TB.
- Bound international coverage for US manufacturer of fiber optic & copper communication cable with extensive foreign travel exposures.
- Completed project to assess the availability of coverage and limits for General Liability, Automobile and Workers Compensation in 10 countries for a US based charitable environmental organization.
- Introduced UK partner broker to service General and Employers' Liability policies issued in the UK as part of an international program.



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