



# GLOBEX UPDATE

## Property & Casualty

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

Visit us at: [www.globexintl.com](http://www.globexintl.com)

### USA

US juries are handing out ever more generous awards to plaintiffs, covering everything from opioid overdoses to tainted talc, with insurance companies left to pick up the bill. "Social inflation", as the trend is known, is a hot topic for the industry that is facing a squeeze in profits and the need to bolster reserves. Explanations for the trend include a souring in the national mood towards big corporations, financial firepower provided by specialist litigation companies and a shift in the political disposition of judges. One opinion is that the trend could ultimately blow a \$200bn hole in global reserves. Third-quarter results offer evidence of the damage with one insurer warning of an "increasingly challenging tort environment" and another saying it was taking an increasingly cautious approach to its US business. Bodily injury claims are proving a particularly expensive area for insurers. According to data, the median cost of the top 50 bodily injury claims in the US rose from around \$28m in 2014 to just over \$54m last year.

### UK

Data from the UK's national fraud and cyber-crime reporting center shows that businesses submitted almost 60,000 fraud reports in 2018-19, with an average loss of around £11,500 per case. The highest losses resulted from corporate employee fraud (accounting for £214m in losses), followed by mandate fraud (accounting for almost £100m in losses). Mandate fraud occurs when an employee is tricked into redirecting a regular payment mandate to a fraudster's account. Fraud involving checks, plastic cards, and online bank accounts was not far behind, accounting for £98m, while hacking via social media or email resulted in £11m of losses. Fraud by abuse of position of trust led to £10m of fraud, while false accounting fraud was close to £4m. The figures probably underestimate total losses as unidentified frauds cannot necessarily be quantified. While larger businesses may be able to absorb the impact of fraud, for smaller and mid-sized firms, effects can be more severe, even putting the future viability of the business at risk.

### Bangladesh

Non-life insurance companies must invest 7.5% of their assets in government securities, according to new regulations of the Bangladesh Insurance Development and Regulatory Authority (IDRA). The aim is to strengthen the security of insurers' investments and protect the interests of policyholders. Overall, general insurers are required to invest at least 10% of their premium income or a sum equivalent to their liabilities plus BDT10m (\$118,000), whichever is higher. After making the required 7.5% investment in government securities, the insurers will be able to invest their remaining funds in certain specified sectors, including deposits with 'A' rated scheduled banks; infrastructure bonds; debentures and securities issued by city corporations; debentures, mutual funds, and unit funds approved by Bangladesh Securities and Exchange Commission. Insurers are also allowed to invest excess funds abroad, subject to IDRA approval. Currently, there are 48 non-life insurance companies operating in Bangladesh who maintain most of their funds as deposits with banks.

### RECENT SUCCESSES

- Placed a customized "Erection All Risks" policy for a US based contractor overseeing a project for the repair and reinstallation of a turbine in the Philippines.
- Attended partner broker sales presentation to help win an account from a global broker for a client engaged in Professional Development and Management Training worldwide.
- Placed primary & excess Products Liability policies in China for the in-country sales of a locally based sugar substitute manufacturer.
- Placed Products Liability for an Indian manufacturer of electronic gaming boards selling in to the US and Canada to most major US retailers.

### **GLOBEX BROKER SERVICES**

*a division of Globex International Group*

Phone: (908) 879-1150 | E-mail: [globex@globexintl.com](mailto:globex@globexintl.com) | Fax: (908) 879-1160