



# GLOBEX UPDATE

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

## Afghanistan.

Afghanistan's strongest earthquake in more than six decades has killed more than 350 people, with more than 240 fatalities in Pakistan and the rest in Afghanistan. Over 1,600 people have been injured. The 7.5 magnitude earthquake struck beneath the Hindu Kush mountains near the border with Pakistan causing landslides, disrupting mobile phone networks and causing houses to collapse. The quake was felt in Pakistan, India, Tajikistan, and Kyrgyzstan but because of exceedingly low penetration of insurance in the affected region, significant insured losses are not expected. Nor is the overall economic loss expected to be high but, while the full scope of the damage is not yet clear due to the fact that the worst affected areas are not easily accessible, it has caused devastating damage due to the poor construction of local buildings. Much of the building stock in the affected region is not built to standard due to a lack of code enforcement and code compliance practices. This was the first major earthquake since April, when a magnitude 7.8 earthquake hit Nepal, killing more than 9,000 people and injuring more than 23,000.

## Egypt.

Political uncertainties in Egypt have not deterred the insurance sector from growing. In the last two years, it has progressed in premium growth, new players and regulatory updates. A key development in the past year was AXA's acquisition of a major player, Commercial International Life (CIL) as well as a license to set up a general insurance operation, confirming the sector's attractiveness. Presently, the market has 32 providers – two state-owned, 16 property and liability, 12 life, one credit and one cooperative player. New entrants, especially those from abroad, add value to the market in terms of new products, sales techniques, claims systems, training modules and service. Latest figures show a 17% growth in life premiums in the first nine months of 2015 to EGP5.3 billion (US\$675 million) while property premiums grew slower at 8% to EGP6 billion. Takaful operators, who play a vital role in increasing penetration to the majority Muslim population in Egypt, also increased their contribution. Brokers control around 75% of the general business and, at the end of June 2015, there were 50 registered insurance and reinsurance brokerages, compared to 44 in the same period last year. Despite challenging conditions, with the regulator keen on improving market standards and consumer awareness picking up, the overall outlook is encouraging.

## South Africa.

South Africa's President Jacob Zuma says the country faces a "serious struggle" to meet growth and jobs targets amid a global slowdown. South Africa's economy is battling to create enough jobs for the almost one in four that are unemployed, putting the government's budget under strain. The Finance Minister cut his growth forecast for this year to 1.5% from 2%, while the unemployment rate rose to 25.5% in the third quarter. The government's goal is to boost growth to more than 5% by 2020 and reduce the jobless rate to 14%. Falling metal prices, triggered by a slowdown in China, has forced mining companies to consider firing workers and investment in South Africa has also stagnated as business confidence remains near a four-year low, dragged down by an energy crunch and recent student protests that have rattled investors, with the rand slipping 4.3 % against the dollar.

### RECENT SUCCESSES

- Bound General Liability, Auto Liability and Umbrella Liability policies in USVI for US based property investor.
- Implemented Controlled Master Programs for property and liability for a medical supplies company with operations in 7 territories.
- Placed US domestic property, liability and umbrella policies for high end showroom of a UK multinational company opening in New York City.
- Set-up and implemented local broker services for property and liability policies in Poland as part of a Controlled Program.



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