



# GLOBEX UPDATE

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

## UK.

Effective October 1<sup>st</sup> 2016, insurance premium tax (IPT) has increased from 9.5% to 10%. This means that within the past 12 months IPT has increased by more than 66%. The government estimates that the hike will generate an extra £80 million in its first year and then an annual average of £205 million in subsequent years. Several policies are exempt from the IPT, including life insurance, insurance for commercial ships and aircraft, insurance for commercial goods in international transit, premiums for risks located outside the UK and export finance. Despite the rise in costs, the government is confident that there will only be a negligible impact to the public and private sectors. The Association of British Insurers has also estimated that the 0.5% increase could cost UK businesses as much as £75 million. Those losses, coupled with consumers' potentially lower spending power due to higher insurance bills, could further squeeze businesses' profit margins. However, the government believes that the IPT increase will benefit the UK economy, arguing that it brings the UK in line with other countries. At 10%, the UK has one of the lowest IPT rates in Europe—much lower than Germany's 19% and Italy's 21.25%. With competitive rates and a robust, diversified insurance industry, the government hopes to continue attracting new international business due to its relatively low IPT.

## India.

Demand for insurance cover for computer fraud is increasing following a widespread financial data security breach through automated teller machines (ATMs) in the country. Practically every industry including online businesses, retail chains, medical establishments and hotels, are scrambling for the cover. News of the breach emerged last week when the country's largest lender, State Bank of India, blocked the debit cards of 600,000 customers and re-issued new cards to them. The National Payments Corporation of India (NPCI), an umbrella organization for all retail payments systems in the country, subsequently announced that customers across 19 banks had reported unauthorized withdrawals. Some complained that their debit cards were used for transactions in the US and China, even though they were in India. The NPCI said that most of the complaints were lodged in September and October. Overall, the scam is reported to have affected as many 3.2 million debit cards. India has about 200,000 ATMs across the country that are interoperable, regardless of the bank that owns the machines. Since the ATMs where the data breach is believed to have occurred continue to be fully operational, banks are advising their customers to use only their own ATMs and not the teller machines of other banks.

## Morocco.

Catastrophe cover in Morocco is to be mandatory in all non-life insurance policies covering property damage, motor third party liability and other liability policies which cover bodily injury caused to third parties according to a recent amendment to insurance legislation. Implementation of the mandatory disaster insurance requirement will be effected pending the issuance of related regulations. The new legislation will result in an additional premium on all insurance policies underwritten or renewed after the implementation. To receive benefits from the disaster insurance, a policyholder must have registered their name in a national list of disaster victims within 90 days of a declaration of a disaster. The new law also provides for establishment of a national committee to oversee the proper application of its requirements and to collect data on disasters.

### RECENT SUCCESSES

- Implemented international liability program for a global design and engineering company requiring local policy issuance in 11 overseas territories.
- Bound local General Liability, Workers Compensation and Professional Liability coverages in Malaysia for an independent contractor to a US based fire protection technology company.
- Placed Financial Institutions Bond in Canada on behalf of a US entity providing investment advisory services.
- Placed local General Liability and Pollution Liability policies for a recycling operation in Ecuador.



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