Vol. 245 October 2017

# GLOBEX UPDATE

## Property & Casualty

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

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**Hong Kong.**

A new insurance regulator, independent of the Government of Hong Kong SAR, will start collecting a levy on insurance premiums from policyholders from January 1st 2018. The principal objectives of the Insurance Authority (IA) are to modernize the insurance regulatory infrastructure to facilitate the stable development of the industry and provide better protection for policyholders. The levy will be collected if the contract relates to a prescribed class of insurance business or prescribed type of contract of insurance. Exempt policies include reinsurance policies, policies underwritten by captive insurance companies, marine, aviation and goods-in-transit policies and policies already paid-up before implementation. To soften the blow for policyholders, an incremental approach is being adopted for the introduction of the levy. In the first 15 months through until March 31st 2019, the levy will be 0.04% on specificed general business with a max of HK$2,000. By 2021 the rate will increase to 0.1% with a max of HK$5,000. The Insurance Authority is empowered to impose a pecuniary penalty on the policyholder not exceeding HK$5,000 for any policyholder who does not pay the prescribed levy.

**RECENT SUCCESSES**

- Placed standalone D&O Liability policy in Ireland on behalf of a US based dairy flavors company.

- Bound local policies for Property and General Liability in China and Philippines as part of a controlled program for a cable and tensile membrane structures company.

- Placed Property and Liability policies in Mexico as part of an international program along with local homeowners, boat and automobile polices for an organic produce company.

- Worked with US partner broker to implement a program for Property and Liability in 8 territories for a US based multinational payments solutions company.

**France.**

Large French companies may be forced to pay an “exceptional contribution” to make up for a dividend tax canceled by French and EU courts. Although President Macron’s government is cutting corporate tax, it has little choice but to find an additional levy to make up for a revenue shortfall of up to €10 billion ($11.76 billion). Companies such as insurer AXA and telecoms group Orange successfully challenged the tax in court on the grounds that it created double taxation. The exceptional tax runs against Macron’s pro-business reform agenda which aims to gradually cut corporate tax from 33.3% to 25% over five years.

**Japan.**

Insurers in Japan are increasingly using small unmanned drones to assess damage suffered in disasters in an effort to enable speedier post-disaster payouts. The challenge for the industry had previously been to address the delay in payouts in cases including small-scale fires and traffic accidents because adjusters were unable to visit disaster sites due to concerns over secondary disasters or trouble in conducting assessments. While legislation prohibits drones from flying over densely populated districts, permits have been made available to fly drones during disasters which has enabled insurers to operate “drone units” in heavily damaged cities. After the heavy rain in northern Kyushu on 5 July, an insurer was able to fly three camera-equipped drones on 12 and 13 July in the heavily damaged city of Asakura to conduct assessments from the sky of about 1,800 hectares in no-entry zones. Based on the video images, loss adjusters ascertained damage for six cases involving houses, shops and other insured properties and were able to calculate the amount of compensation on the following day.

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