



GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

Saudi Arabia.

The Saudi Arabian market rebounded strongly last year after a tough 2013 which saw profitability dropping to unprecedented levels since liberalization around a decade ago. The market has witnessed a serious correction with the Saudi Arabian Monetary Agency (SAMA) putting strict measures in place to preserve market balances and protect policyholders and shareholders. In 2014, market premiums grew to SAR29.7 billion (US\$7.9 billion), a 21% jump over the preceding year, while net profits surged to SAR912 million against losses of SAR1.3 billion. Despite achieving the highest growth rate in the GCC, and probably in MENA, the Saudi insurance sector remained extremely concentrated – both in terms of the handful of operators controlling the majority of business and having most of market premiums concentrated in certain lines, motor and medical. 55% of premiums are controlled by the top three operators and over 78% by the top 10. Despite the huge improvements in 2014, market results showed that 12 operators reported losses in 2014, while at least five operators have lost more than half of their capital size with massive accumulated losses. Despite the challenges the market is taking steps to help expand market penetration - there are new initiatives underway to introduce compulsory insurance for large risks and risks of crowded areas as well as plans to introduce compulsory professional indemnity policies for engineers.

Australia.

Insurers are bracing for hundreds of millions of dollars' worth of claims arising from the deadly storms that have whipped New South Wales and brought the worst rainfall in 18 years to the state. Some estimates are that the total damages bill could be as much as A\$1 billion (US\$778 million). At last count, insurance companies had received more than 19,500 claims worth A\$130 million, and the numbers were expected to soar as home and business owners assess the damage to their properties. The Insurance Council of Australia has declared the storms a catastrophe, which will ensure that the claims are prioritized by insurers. The worst-affected parts of the state were identified as the Central Coast, Hunter, Greater Sydney Metropolitan and Illawarra regions. Though most claims so far have been for low-level property damage, mainly from water and wind damage to homes and damage to cars, insurers are also receiving claims for severe damage to houses and roofs. Claims are also being received for storm water inundation. The most recent equivalent storm in New South Wales, which is the country's most populous state, was a 2007 storm where total insurance payouts topped A\$1.4 billion. In 2013, Cyclone Oswald caused flooding and severe storms in parts of Queensland and northern New South Wales, with a damages bill across the two states reaching almost A\$1.1 billion.

Myanmar.

Private insurance companies in Myanmar are preparing for international competition as the domestic market prepares to open up to foreign firms. The concern is that existing private insurance companies, who were only allowed into the insurance market in 2013, have no sound foundation for operating within a competitive environment. Although Myanmar has allowed 15 foreign insurance companies to open representative offices, including several from Japan, Singapore, the US and Europe, they have yet to grant the planned permits to foreign insurance companies to operate in the country's special economic zones.

RECENT SUCCESSES

- Performed a global assessment of overseas insurance policies for a US based multinational with operations in 11 countries.
- Secured local property damage coverage for a new retail store opening in Puerto Rico.
- Quoted Builders Risk policy for a high-end second home under construction in St. John, USVI.
- Provided quotes for completion phase of dormitory as well as classroom buildings for an extension program of a US State University campus in Mexico.



GLOBEX INTERNATIONAL GROUP – PO Box 776 – Chester, New Jersey – 07930

Phone: (908) 879-1150

E-mail: globex@globexintl.com

Fax: (908) 879-1160