



# GLOBEX UPDATE

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

## Nepal.

Insurers in Nepal received more than 12,000 claims in the weeks since the magnitude-7.9 earthquake hit the country. About 80% are related to property damage with a few relating to accident, vehicle and life insurance. The earthquake claimed more than 8,500 lives and injured over 18,000 people. Government figures revealed that more than 700,000 homes and other structures were damaged or destroyed by the earthquake. Separately, international rating agency AM Best said that although the quake has brought significant economic and human losses, insured costs are expected to stay at a minimal fraction of total economic losses. Globally, the event is not expected to have a major impact on the reinsurance market. However, on a local level, it is expected to have an adverse impact on local / regional players, due to the significant cost from property and motor losses. Nepal has a small insurance market with total non-life premiums of about US\$102 million in 2013. Nepal's life sector is also expected to be affected by this event given the rising death toll. Nepal's life premiums amounted US\$175 million, accounting for about 63% of total insurance market share in 2013.

## Africa.

According to the UN, Africa's GDP is expected to accelerate from 3.5% last year to 4.6% in 2015 and 4.9% in 2016 due to private investment and consumption. Other key drivers such as increasing consumer confidence, an expanding middle class, improvements in the business environment and lower costs of doing business are also contributing to its economic growth.

Significant public investments in infrastructure, increased agricultural production and expanding services in African retail, telecoms, transportation, and finance, will all help to boost growth. Today, Africa is the second fastest-growing economic region in the world after Asia. The growth dynamics are benefitting many sectors of the economy, including insurance, and attracting rising interest from investors around the world. Despite the developments, only 3.5% of the African market is insured, according to a Swiss Re report. Apart from South Africa (15.4%), Namibia (7.7%), and Mauritius (5.8%), all countries have very low penetration ratios. In addition, the insurance market is still relatively concentrated, with the top 10 of the 54 markets accounting for 93.3% of total premiums. Market fragmentation across a large number of countries and regulatory hurdles are further obstacles for the African insurance sector.

## Yemen.

The Yemeni insurance sector is in a dire situation, because of the increased risks it faces resulting from the ongoing military conflict in the country which intensified this year and is expected to last for some time. Those players that are worst affected are insurers without reinsurance agreements. The economy of Yemen, which is the poorest Arab country, is hard hit. Gas production has been suspended and the crop planting season disrupted, threatening to aggravate food shortages. Shipping lines have reduced or stop port calls. The war has resulted in spikes in insurance premiums with insurers reviewing their coverage of war and terrorism risks in property insurance policies. In the longer term, the conflict will lead to large losses as well as reduced premium volumes because of austerity and reduced commercial activity. At present, there are 15 insurance companies operating in Yemen. Total annual premiums are estimated at less than US\$75 million.

### RECENT SUCCESSES

- Placed Hull, P&I, and Jones Act coverage for a US flagged charter pleasure boat travelling in Cuban territorial waters.
- Bound local General Liability policy in Indonesia for a sales office of a major sports footwear manufacturer.
- Provided quotations for local package policies for hedge fund management firm with offices in the UK and Hong Kong.
- Secured local liability policy for new retail clothing store opening in Switzerland.



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