



GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

Malaysia:

Public infrastructure damage caused by the recent floods is estimated at MYR2 billion (US\$560 million), about double earlier estimates. Kelantan – where losses are estimated at MYR932 million - is the worst affected among five states which saw heavy flooding. The other states are Johor, Perak, Pahang and Terengganu. Some MYR800 million spent so far by the government on flood relief efforts was used for helping flood victims and to repair damaged public infrastructures such as schools, hospitals, equipment and bridges. The floods, which peaked last month and displaced more than 200,000 people, are the worst to hit Malaysia in 30 years. At the end of last December, the government estimated that the damage caused by the devastating floods in the country's East Coast states would cost the federal and state governments an estimated MYR1 billion in damages. The tally does not include the losses incurred by the rubber, oil palm and agriculture sectors, which are among the main economic activities of the east coast states. It has been suggested that the government consider the need for flood insurance to protect the welfare of the people in times of natural disasters.

China.

China will be reducing its social security contribution rates when the time is appropriate so as to reduce the burden on employees and employers. At present, it is ranked first among 181 countries globally in terms of the proportion of social security contributions. China's proportion is 4.6 times that of its Southeast Asian neighbors, three times that of five Nordic countries, 2.8 times higher than in member states of the G7 and double that of fellow BRIC nations (Brazil, Russia and India). The social security system in China consists of five different types of insurance, plus one mandatory housing fund. The system is complex because it is organized at the regional level, with companies and employees required to make contributions. Many Chinese cities have increased the amount of company and individual contributions to social security funds. According to national social insurance regulations, employers and employees must pay monthly premiums into three funds (pension, medical and unemployment), while employers are also required to contribute to maternity and work-related injury funds. Contribution rates are high mainly because of pension funds. The rates for the other four funds are up to 12% each. While coverage of the social security system has expanded rapidly, the provision of benefits remains inconsistent, inadequate and inefficient. The government is promoting private-sector insurance to supplement the public-sector schemes.

India.

Helped by high investment income, non-life insurers in India have managed to record larger profits at INR44.39 billion (US\$708 million) for the financial year ended 31 March 2014, despite incurring bigger underwriting losses, according to the Insurance Regulatory and Development Authority of India (IRDAI). Net profit for 2013/14 represented an increase of 35% over the INR32.82 billion reported for 2012/13. The six public-sector companies reported total net profit of INR29 billion while the 22 private-sector insurers together raked in net profit of INR15.39 billion in 2013/14. Overall underwriting losses stood at INR75.49 billion for 2013/14 versus INR72.17 billion for the previous financial year. Investment income of all non-life insurers during 2013/14 was INR133.77 billion, registering a growth of 13.27% from INR116.02 billion the previous year. Total premiums underwritten were INR706.1 billion as against INR629.73 billion in 2012/13, growth of 12.13 %.

RECENT SUCCESSES

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- Provided quote for a \$25m Guarantee Facility on behalf of a Panama company contracting in Angola.
- Bound international liability coverage for a teak plantation in Panama.
- Secured fronting arrangement on a Wrap-up project in Belize.



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

Phone: (908) 879-1150

E-mail: globex@globexintl.com

Fax: (908) 879-1160