



GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

Global.

While London is often positioned as the only genuinely global insurance market, in the near term, it is losing global share and importance as emerging markets drive premium growth. Heavily reliant on the UK, US, Australia and Canadian markets, London is potentially failing to capture the emerging market opportunity. Only 0.5% of the absolute growth in emerging market premiums in markets such as Latin America, Asia and Africa, was placed in London. Its share of the Asian insurance market is currently just 2%. As more than half of future growth will come from emerging markets, London's global leadership may become increasingly challenged. An increasing amount of risk in the future is seen as being written in regional centers of expertise such as Singapore because research shows that unanimously customers prefer to buy insurance in their local market or region, which puts up to GBP16 billion of London premiums under threat where underwriting expertise and capacity is available locally. The London insurance market matters. But London cannot rely on its historic advantages to guarantee its future growth. As a collective, the market must react with speed, innovation and flexibility against global competition.

India.

In an attempt to build India's industrial base nationwide, Indian Prime Minister Narendra Modi is pushing a "Make in India" campaign, designed to attract foreign investment by highlighting ongoing changes in India like the easing of restrictions on foreign investment in property projects and the overhaul of the railroad system. The campaign may gain further momentum, thanks to the shifting fortunes of India and its neighbor China. The Indian economy, which slumped badly in 2012 and 2013, will likely grow 6.3% next year, in part because of investor confidence in Modi. Some commentators say that by 2016 the country's growth rate of 7.2 % will surpass China's 7.1%. The slowdown in China could make a big difference. China became an export powerhouse because of its vast pool of low-wage workers, but it's no longer so cheap to manufacture there. The hourly labor cost in India for manufacturing averages 92¢, compared with \$3.52 in China, according to one consulting group. Conversely, India hasn't come close to matching China's investments in the roads, ports, and power networks that companies want. India is trying to change that. Recent commitments for almost \$57 billion in investments in India from Japan and China will largely be used to build a giant industrial corridor between Delhi and Mumbai featuring high-speed trains and superhighways - the goal being to turn the area into the equivalent of southern China's Guangdong province, which built special economic zones to transform China into an exporting power.

UK.

The government is proposing to introduce a new levy to the UK insurance industry to establish flood insurance cover for up to 2% of high-risk properties throughout the UK. The fund is expected to come into force in 2015. The scheme has been developed closely with the Association of British Insurers (ABI) and will cede the flood element of high-risk buildings and contents policies to a government-owned reinsurance scheme. A variable levy rate has been outlined, ultimately funded by the insured. U is designed to operate over a 25-year period with an initial assessment of levy contributions after five years. While the scheme has yet to receive an implementation date, it is expected to remain a prominent topic of discussion among the UK insurance industry as property insurers prepare for the new regulations, whilst struggling homeowners can look forward to a more accessible and diverse market.

RECENT SUCCESSES

- Quoted automobile coverage in Bulgaria for UK based freight forwarder operating vehicles in Europe.
- Assisted partner brokers in Italy and US to coordinate on separate in-country placements on behalf of Italian parent manufacturer of wood products.
- Bound primary and excess Tourist Automobile liability as well as physical damage cover for US vehicle crossing into Mexico.



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