



# GLOBEX UPDATE

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

## Vietnam.

Project owners and contractors undertaking construction work in Vietnam will be required to purchase insurance for their work and workers, according to a draft government decree issued by the Ministry of Finance. Compulsory construction insurance would be required for important national projects, large-scale complex construction works and works that may potentially affect community safety or the environment, and works subject to special technical requirements. Contractors undertaking construction survey and design for construction works of a specified grade would be obliged to buy professional liability insurance, while construction contractors would have to purchase insurance for their construction workers. The insurance compensation for any damage caused to a construction work would equal the full value of the work and must not be less than the contractual value. Insurance compensation of VND100 million (\$4,400) would have to be paid to the beneficiaries of a worker who dies due to any accident at a construction site. The draft also sets out detailed licensing conditions for construction insurers.

## Japan.

Following a series of typhoons and torrential rainfall which have hit Japan recently, Japan's three largest non-life insurance groups expect to pay around JPY100 billion (US\$830 million) for related damage. Payments associated with floods and mudslides mostly in greater Tokyo and the Tohoku region caused by unprecedented rainfall linked to Typhoon Etau, are estimated at JPY30 billion. In August, Typhoon Goni wreaked havoc in the Kyushu region in southern Japan. Claims connected to this storm are estimated at no less than JPY70 billion. If, as expected, the total storm payments reach JPY100 billion, they would be the highest since FY2011-12, when the tally reached around JPY150 billion. Damage from typhoons is usually paid for by fire insurance—which mainly covers home damage and destruction—and auto insurance that pays when cars become submerged or break down. The three big groups—MS&AD Insurance Group Holdings, Tokio Marine Holdings and Sompo Japan Nipponkoa Holdings—intend to pay for recent storm-related damage by drawing down disaster reserves, which have been built up in recent years.

## Lebanon.

On the back of a modest economic performance and ongoing socio-political unrest in the region, Lebanon's insurance sector expanded slower in 2014. Lebanon's GDP is expected to grow by 2.5% this year, despite an internal political stalemate and the repercussions of the Syrian conflict, which are blocking the economy's growth. Like the economy, the insurance industry has shown resilience in the face of tough market conditions and posted a 6% year-on-year increase in premiums to US\$417.7 million in the first quarter of 2015. The main drivers of growth in the first quarter of 2015 were the medical and life segments. The non-life sector, meanwhile, grew by 7% during the first quarter of 2015. With premiums of \$1.5 billion per year shared by 56 insurers, of which the 10 largest control around 70% to 80% of the market, the Lebanese insurance sector is considered highly fragmented compared to other Arab markets. New business strategies include mergers and acquisitions among local insurers as well as joint ventures with local and foreign companies. Industry players are also calling for a stronger regulatory framework to manage existing challenges and develop the Lebanese insurance market.

### RECENT SUCCESSES

- Secured coverage on a fleet basis for automobiles based in the Czech Republic.
- Quoted Products Liability for an Israel based company selling respiratory products to US medical companies.
- Placed a US property risk on the Texas / Mexico border on behalf of a Canadian partner.
- Put in place broker services in China and Nicaragua to service local policies for a textile manufacturer.



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