



GLOBEX UPDATE

Property & Casualty

Events, developments, and opportunities in the international marketplace

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China

The Regulatory Commission in China (CBIRC) is preparing a classification system for insurance intermediaries that is expected to be introduced in 2020. The system will grade intermediaries according to one of four categories: A, B, C, or D - A being the best and D the worst. The CBIRC will then fine-tune its supervision in line with their rating. The criteria to be used include corporate governance, compliance management, business quality, operating scale, number of years in operation, registered capital, frequency in changes of shareholders, and any disciplinary actions imposed. Intermediaries are important because they contribute over 80% of the insurance industry's premiums. Statistics show that at the end of 2018, there were 2,647 insurance professional intermediaries in the Chinese market, including five insurance intermediary groups, 240 national-level insurance agencies, 1,550 regional-level insurance agencies, and 499 insurance brokerage companies. In addition, there are 32,000 indirect insurance agencies that operate a principal business and sell related insurance on the side.

Morocco

A \$275m Disaster Risk Management Development Policy Loan for Morocco has been approved by the World Bank. Containing a Deferred Drawdown Option for Catastrophe Risks (Cat DDO), it helps the country strengthen its capacity to manage the financial impact of natural disasters, and to upgrade its institutional framework for disaster risk management. With reforms to strengthen the financial, governance, and operational framework of the Solidarity Fund against Catastrophic Events (FSEC), it complements private insurance by providing compensation to the uninsured. Making use of sophisticated risk financing instruments to cover losses caused by extreme flooding and earthquakes, the reforms include a parafiscal charge on insurance policies to create a sustained source of financing for the FSEC, as well as measures to bolster the private insurance sector in case of a catastrophe.

Hong Kong

Continued turmoil is undermining perceptions of Hong Kong as a stable international business hub, as well as the effectiveness of its governance. A recent survey shows that foreign firms particularly value the territory's rule of law, independent judiciary, and its political stability and security - assumptions that may be questioned if political uncertainty continues. The passage of the Hong Kong Human Rights and Democracy Act in the US, while largely symbolic, highlights that changing international perceptions of Hong Kong could have economic spillovers in the form of revision to its separate customs treatment from the mainland. It also underscores that the territory's unique and advantageous relations with the global community are not static.

RECENT SUCCESSES

- Placed local Property & Business Interruption coverage in Taiwan for a large manufacturer of specialized fitness equipment.
- Bound project specific GL & Hired & Non-Owned Auto policy for a US company subcontracted to the Puerto Rico Government to make assessments of repairs incurred from Hurricane Maria.
- Managed & coordinated the issue of local Property & General Liability policies as part of a controlled program for a private school risk with a presence in Austria & China.
- Placed General Liability coverage for a privately owned island in the Bahamas as part of larger project to develop and restore a neighboring island.

The Globex team wishes everyone a safe and prosperous New Year.

GLOBEX BROKER SERVICES

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