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GLOBEX UPDATE

Property & Casualty

Events, developments, and opportunities in the international marketplace

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Malaysia

Malaysia has given foreign-owned insurance companies until April to outline plans to comply with local shareholding requirements. Bank Negara Malaysia, which regulates insurers, is pushing to enforce a 2009 rule that sets a 70% cap on foreign ownership of local insurance businesses. The bank is expecting insurers to come up with “concrete plans” via divestments, listings or corporate social responsibility contributions. Cutting back shareholding to increase domestic participation could thrust total deals worth more than $2 billion on foreign players, such as UK-based Prudential, Japan’s Tokio Marine Holdings Inc and Zurich Insurance. Foreign insurers have been expanding in Southeast Asian countries, attracted by the strong economic growth, rising middle-class income and lower insurance penetration. Malaysia’s economy expanded by 4.7% in the final quarter of 2018, ending a year of weakening momentum as resilient exports helped to shore up growth amid a slowdown in global demand from the U.S.-China trade war.

RECENT SUCCESSES

- Placed General, Products and Professional Liability coverage in the US market on a worldwide basis for an Israeli owned firm specializing in sleep sensors.

- Placed Yacht & Pleasure Craft insurance including hull & equipment coverage as well as a high limit of liability for a yacht and jet ski being operated in the Bahamas.

- Arranged local issuance of an admitted Property policy as part of a controlled master program for a foreign owned joint venture company with multiple locations across Mexico.

- Placed homeowners coverage for a luxury condominium in Costa Rica.

New Zealand

Lawmakers have passed changes to the Earthquake Commission (EQC) Act which will increase the earthquake coverage cap on new claims from NZ$100,000 ($68,300) to NZ$150,000 - recognizing the increase in building costs and meaning less over-cap claims will need to be passed onto private insurers. The NZ$20,000 earthquake cover for home contents is also being removed as homeowner's policies are taken out or renewed over the 12 months from 1 July 2019. This cover will now be picked-up by private insurers, so that all ECQ’s claim management resources can be focused on resolving residential building and land damage claims. The EQC administers the New Zealand Natural Disaster Fund (NDF) which receives monies directly passed on by private insurers, from a flat rate levy imposed on all households who purchase a homeowner insurance policy. It is also responsible for investing the fund and ensuring there is adequate reinsurance cover available.

Singapore

A review of the Work Injury Compensation Act (WICA) proposes extending mandatory insurance coverage so that workers have a greater chance of being compensated for workplace accidents and injuries. At present, WICA requires employers to compensate their employees for any workplace injuries, however it does not require them all to be covered under work injury compensation (WIC) insurance. Since 1995, employers have had to buy WIC insurance for those who do manual work or for non-manual factory workers earning up to SGD1,600 ($1,190) a month. By making the insurance mandatory, the ministry argues that it will provide greater assurance of a payout in the event that an employer is unable to pay. The ministry also wants to increase the current limits on compensation levels by at least 10% to keep in line with both wage growth and the increase in medical costs.

GLOBEX BROKER SERVICES

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