



GLOBEX UPDATE

Property & Casualty

Events, developments, and opportunities in the international marketplace

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Global Political Risk

A global view of the Political Risk issues facing multinational organizations and investors suggests that businesses have never before faced such a breadth of challenges. From emerging economies to mature ones, business and trade are increasingly susceptible to uncertainty, with political risks posing a threat to their business interests. Contracts for the supply of goods and services in emerging countries often carry an implied exposure to some political or economic risks. Increased global protectionism, the restriction of hard currency payments to overseas companies, and the imposition of trade embargoes / sanctions are recurring issues in countries where governments attempt to enforce foreign policy objectives, influence domestic public opinion, or manage economic issues. Typically difficult to predict and often not directly controllable, political risks can in many instances be mitigated through insurance. While insurance is not a panacea for every risk, it may enable a company to reduce the uncertainty and volatility around a major contract or investment to protect shareholder interests.

UK

Insurers are warning UK motorists planning to drive to other European countries that they will need to get a 'Green Card' in the event of a no-deal Brexit. A Green Card is an internationally-recognized certificate evidencing that a motorist has valid third-party motor insurance while driving in a country within the EU, European Economic Area (EEA) as well as Andorra, Serbia, and Switzerland. Until new agreements with the EU are finalized, drivers risk breaking the law without one. Although an agreement between UK and European insurance authorities was struck in May 2018 to waive the need for Green Cards in the event of a no-deal Brexit, the agreement has not yet been passed into law by the European Commission. UK motorists wanting to use their vehicle on the Continent or crossing the Irish border will, therefore, need to obtain a Green Card if the UK leaves the EU with no deal in place regarding the implementation period and future arrangements.

Hong Kong

The general insurance market has seen underwriting performance turn from a loss of HK\$792m (\$101m) in 2017 to a profit of HK\$583m in 2018. However, due to the impact of Typhoon Mangkhut, the underwriting performance of Property business turned from a profit of HK\$209m in 2017 to a loss of HK\$189m. Gross premiums of general insurance business in 2018 were HK\$53.6bn (+11.3% over 2017). The growth was mainly contributed by Accident & Health business (comprising Medical business), General Liability business (comprising Employees' Compensation business) and Property Damage business. Total life and non-life gross premiums in Hong Kong reached HK\$531.7bn in 2018, an increase of 8.6% over 2017.

RECENT SUCCESSES

- Placed local Property as well as Primary and Excess Liability policies for an Aruba based firm providing engineering services and solutions to the energy industry.
- Bound General Liability coverage for a roofing contractor undertaking a project in St Croix, USVI for a hotel resort damaged by Hurricane Maria.
- Arranged the issuance of local Commercial Package, D&O and Umbrella policies as part of controlled master programs for an advertising and design firm opening in Canada.
- Placed standalone UK Employers' Liability coverage on behalf of a European payroll and employee management software company.

GLOBEX BROKER SERVICES

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