

# GLOBAL UPDATE

Events, developments, and opportunities in the international marketplace

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## USA - CANNABIS INSURANCE COVERAGE

Coverage available for the cannabis industry is limited and may not be adequate for those seeking to enter it, according to reports. A confused, even divisive regulatory environment also exacerbates the challenges.

In the USA, 33 states and the District of Columbia allow the use of medical marijuana and 10 states, as well as D.C., have legalized recreational marijuana use. In October 2018, marijuana became legal in Canada.

Marijuana revenue is expected to increase from \$13.7 billion in 2019, to \$22.1 billion in 2022. The industry's growth may challenge those in the cannabis industry and insurers.

Limits typically available only to \$1 million per occurrence and \$2 million aggregate in commercial general liability, property liability and product liability may be inadequate for marijuana businesses owners, who may need higher aggregate limits. Furthermore, as the market for such coverage is nascent, data such as loss histories and other actuarial information is scarce, and therefore finding reinsurance is also a challenge.

In addition to limits, terms and conditions are also a problem for the cannabis business. Many of these policies also lack a duty to defend which creates a significant issue for marijuana businesses.

The regulatory aspect of the cannabis business remains unclear. Some of the challenges come with regulating policies when the drug is legal at a state, but not a federal, level.

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## THAILAND - CYBERSECURITY LAW BRINGS UP CONCERNS ABOUT PRIVACY RIGHTS

Thailand defended a controversial Cybersecurity law approved this month, following an outcry from rights groups and internet users over privacy and surveillance concerns.

Thailand's rubber-stamp parliament approved the Cybersecurity Act unanimously on Thursday, the latest in a wave of new laws in Asia that assert government control over the internet.

Activists have called the legislation "cyber martial law," saying it would sacrifice privacy and the rule of law, and warning compliance burdens could drive foreign businesses out of Thailand.

The government said the law was intended to protect networks from cyberattacks and would not enable state surveillance or violate rights. However, experts argued the vague language of the laws would still allow for broad interpretations of actions authorities could perform, which may end up infringing on rights.



# success stories

Vital in the placement of stand-alone Directors and Officers Liability policies in Argentina, Brazil, and Russia, reinsured policies in Mexico and South Korea, and a fronted policy in Japan for a top international consulting, technology, and outsourcing service firm.



Coordinated the placement of a fronted Commercial Umbrella policy in Panama for a company that works with providing engineering services around the world.



Orchestrated the placement of a fronted Commercial Property policy in the United Arab Emirates for a popular Oil, Gas, and Coal company that provides oilfield services and equipment worldwide.



## UAE - Insurance Body Taking Steps to Reorganize the Insurance Market

The Emirates Insurance Association (EIA) has announced that a compulsory 10-year insurance scheme for building projects (providing cover against design and construction defects) will be introduced in the UAE.

Another recent move by the Regulator is to encourage local insurance companies to pool marine insurance premiums in order to retain as much business as possible within the country, instead of placing business abroad.

Currently, the proportion of business placed overseas is estimated at 85% of the total written marine insurance premiums. In addition, the average age of vessels in the region ranges from 20 to 25 years, and this is a major challenge for insurance companies. The cost of claims is very high while price undercutting has led to unreasonably low insurance premiums. The EIA has demanded that a minimum premium rate be fixed for ship hull insurance and cargo insurance, in addition to a higher ceiling set on brokers' commission in marine insurance.

The Regulator is also preparing a plan for the "Arabization" of marine insurance, especially coverage of ship structures. The plan includes organizing training courses in coordination with local and international centers in order to raise the efficiency of marine insurance employees.

Experts will be selected to be accredited with the courts to give advice on legal cases and issues involving marine insurance. In regards to reinsurance, the Regulator will push for the establishment of standards for the selection of reinsurance companies, in addition to finding a mechanism to address supervision in this arena.

The standards will also increase the confidence of reinsurers in dealing with insurers. On the feasibility of establishing an Emirati reinsurance company, The UAE Regulator perceives this as "... a valuable idea that should be studied because of the huge benefits it can have on the UAE insurance market, which is distinguished by its large size compared to other markets, and taking into account that investment in reinsurers is a long-term investment."



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