GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

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India and the Growing Opportunities for Multinational Companies

India will become the world's second largest economy in the next decade, second after China. The nation boasts of a young population, a growing middle class, and a large skilled workforce. Apart from exports, the domestic consumption itself, with a population of 1.3 billion people, poses a very attractive consumer market for companies offering products and services. In addition, the strong focus on education provides a very skilled work force, one where English is widely spoken and also the official language of the Government of India, making international business easier than in non- English-speaking nations.

Recent years have experienced the "make in India" movement, whereby many manufacturers have moved their manufacturing hubs to India. Costs seem to be lower than many of the competing nations, plus the highly skilled force is a welcome advantage.

Numerous industries including banking, are implementing automation processes, making the ease of doing business a goal in India. The Indian government intends to make things "simpler". The move to unify all taxes in each state to a unanimous 18% Goods & services Tax has simplified premium calculations on multinational insurance programs.

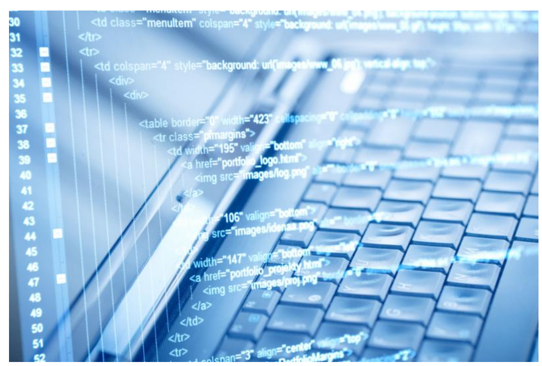
On the other hand, the local authority has tightened

control over the multinational insurance programs with a goal to keep the cash flow within country. The reinsurance cession to foreign insurers/reinsurers has become more restrictive due to stricter and more complex regulations in India. Local regulation stipulates that overseas reinsurance cessions are generally only allowed once the local cedents have received a specific number of declinations by local insurance/reinsurance companies, including GIC, the local state-owned reinsurance company. The process of marketing the risk, receiving responses from local insurers and reinsurer, determining reinsurance cession to other insurers and reinsurers including foreign ones is very time consuming.

The local insurers in the Indian market have been advocating for a more "business minded" reinsurance approach and will continue their efforts with the local insurance authorities. In addition to the reinsurance orders of preference and maximum in-country retention, Indian authority mandates that the foreign insurers/reinsurers must be registered in India in order to provide reinsurance in India, and the registration must be renewed annually.

For any assistance on placing business in India, please do not hesitate to contact any member of our Globex team.

Centrally Controlled Master Programs for Cyber Coverage



Multinational cyber insurance programs are in their infancy, but interest is growing and this is an inevitable reality of the present times. Corporations find themselves increasingly exposed to cross-border cyber risks through extended supply chains, the growing importance of third-party vendors and mounting international data protection and privacy laws. Insurers all over the world are being faced with clients who seek Cyber Liability policies, but not many are fully equipped to provide the appropriate coverage. In such a situation, a broad global umbrella master policy providing drop-down coverage to fill gaps for differences in conditions and local limits is a plausible solution, providing efficiency in pricing and needed capacity.

The need of a comprehensive cyber coverage is also a result of a more sophisticated legal environment worldwide. The EU's stringent General Data Protection Regulations (GDPR), is not the only regime of regulations about data and consumer privacy protection. Canada and Australia are bolstering privacy rules and have recently introduced mandatory data breach regimes. California has also introduced tougher privacy rules, very similar to the GDPR. The trend for more regulations governing the rules of data sharing and consumer privacy is predicted to be continued in the years to come.

Vietnam and South East Asia – Winners in the Trade Wars

It is almost a year since the commencement of the trade wars between the world's largest economies- the United States of America (USA) and China. Despite the effect on supply chains, Vietnam has gained from the situation. The economy of the Southeast Asian nation has been boosted by almost 8 per cent because of the shift in production resulting from the USA-China trade war.

As opposed to importing from each other, China and the USA are importing goods from all industries from Vietnam. A win-win situation for the country. Many multinationals have moved to Vietnam as a result of the tariff imposed on Chinese manufactured goods. Other nations in Southeast Asia have also been favored by the circumstances, namely South Korea and Malaysia. Some Risk Managers are shifting their focus from China to other Southeast Asian countries where they can expand multi nationally.

- Secured multinational Commercial General Liability with Employers Liability program in 4 countries for a mass media and newspaper publishing company.
- Instrumental in placing Marine reinsured policies for a major food manufacturer in several countries within Asia.
- Assisted in placing a Directors and Officers program in Brazil, Saudi Arabia, and United Arab Emirates for an American Multinational cosmetic company.
- Secured a reinsured Inland Transit and Warehouse program for an American corporation that supplies data technology products, including storage devices, data center systems and cloud storage services.

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