



GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

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We hope all of our colleagues and partners and your families around the globe are doing well in this incredibly unusual and challenging time.

Everyone at Globex is doing fine and working very hard to keep business as usual.

If there is anything that we can do to help, please do not hesitate to contact any member of the team.

Stay well and healthy!

The Importance of Being Honest - Anti Money Laundering and Know Your Client Documents



Firms which use technology to track any deviances from regulatory requirements, have reported that global financial institutions have been fined \$5.6 billion for non-compliance with anti-money laundering (AML), know your customer (KYC) and sanctions regulations in the first seven months of 2020.

Financial institutions include insurers, and the need for AML and/or KYC documentation for policy issuance is becoming more and more regulated. Multinational programs are often stalled in the policy issuance phase, as the local parties have not complied with the provision of the necessary documents to the carriers.

Insurance companies all over the world are being subjected to hefty penalties; it is likely that the total value of fines for the entire year of 2020 will match or exceed the \$8.4 billion recorded in 2019.

Although regulatory and supervisory activity may have been impacted by Covid-19, global regulators have reinforced the importance of vigilance and reporting suspicious activity to ensure the detection and prevention of financial crime throughout the pandemic.

Lebanon - Recent Blast May Lead to Premium Hikes in Neighboring

Regions

The unfortunate blast in the Port of Beirut on August 4, which resulted in huge property damage losses as well as numerous casualties, will be leaving a mark on the regions' insurance industry. The major share of losses would be in property damage and business interruption rather than in marine exposure to ships or the port itself.



Local insurers in the Middle East are expected to absorb a large part of the losses from Beirut's explosion, as global players were less exposed to the risk. Estimated numbers include insured losses of almost \$3 billion, will cause economic losses of \$15 billion.

The fallout from the incident may likely result in more stringent underwriting guidelines when covering any goods stored in warehouses in the region, as well as increased rates across the whole Middle East. Regulatory authorities will be using a magnifying glass when reviewing local insurers' exposures, and this may also affect multinational programs.

Globex was sorry to learn of this event, and we send our heartfelt condolences to those affected. We hope all of our partners and your families and friends are doing well.

Costa Rica - Regulations on UBOs



Like many companies in Latin America, Costa Rican Insureds, which include legal persons and legal structures domiciled in Costa Rica, have to disclose their capital investments on an annual basis. This regulation follows the Ultimate Beneficiary Owner

(UBO) disclosure law of 2019.

According to the regulation, companies are required to provide a registry of shareholders and ultimate beneficiaries who have substantive ownership, which is between 15-25% of the shared capital.

Any legal entity incorporated prior to 2020, must provide the UBO report by September 2020. This is as per the resolution DGT-ICD-R-06-2020 dated 26 March 2020. For those entities, as well as branches, that were incorporated between January 1 and August 31 2020, the first UBO report must also be submitted in September 2020. Those companies or branches that fail to comply with the UBO requirements may be subject to penalties.

Financial penalties will be imposed for non-compliance cited in Article 82 of the Tax Procedural Code. If the UBO information is not reported, the government can penalize the business at the level of 2% of the annual company profits.

Local insureds in Costa Rica are being required to provide their UBO report by the local insurance companies for local policy issuance. For more information about this topic kindly reach out to any member of the Globex team.

- Secured a Directors' and Officers' policy program in Brazil and Colombia for a worldwide leader in cardiovascular and neuromodulation solutions.
- Bound a multinational General Liability and Property program in Canada, Germany, Spain, the

United Kingdom and the United States for an international engineering company involved in aerospace, energy, transport, telecommunications and defense sectors.



- Instrumental in placing an Inland Transit and Storage program in Mexico for a global leader in HVAC&R applications.
- Placed a multinational General Liability and Property program in United Arab Emirates and the United Kingdom for a chain of luxury resorts spread across the Americas, Europe, Middle East and Asia.
- Secured a Directors' and Officers' program in the United States for a provider of beverage closers.

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