Volume 279 September 2020

GLOBEX UPDATE
PROPERTY & CASUALTY

globex BROKER SERVICES

Events, developments, and opportunities in the international marketplace.

GLOBAL

A recent annual survey of P&C reinsurance buyers saw most respondents (48%) regarding the COVID-19 pandemic as one of the major factors behind increasing reinsurance prices in 2021. These respondents expect reinsurance prices to rise by at least 5% next year as the fallout from COVID-19, more volatile natural catastrophe losses and capacity constraints take a toll on reinsurers' profitability. Over 90% of respondents expect price increases in 2021 across all lines while none foresaw a decrease. By comparison, less than 50% of respondents expected price rises last year, while some expected that prices would fall. Some commented that price increases could move even higher next year if financial market conditions deteriorate in the second half of 2020, or if this year's US hurricane and wildfire seasons result in higher than expected losses. While some buyers expect to purchase more reinsurance in 2021, the increase will be smaller than in the last two years, as higher prices dampen demand. A significant majority of buyers expect the trend of rising costs on casualty business to continue. However, the responses from the survey suggest that demand for casualty reinsurance will remain steady, after increasing over the past two years.

LEBANON

The 4 August Beirut port explosion caused between $3.8bn and $4.6bn in damage to physical stock, while losses including changes in economic flows as a result of the decline in the output of the economic sectors are estimated to be in the range of $2.9bn and $3.5bn, according to preliminary estimates. The sectors most severely affected by the explosion are housing, transport, and tangible and intangible cultural assets (including religious and archeological sites, national monuments, theaters, archives, libraries and monuments). Public sector reconstruction and recovery needs for this year and the next are estimated in the range of $1.8bn and $2.2bn, with between $605m and $760m needed in the immediate term until December 2020, and between $1.18bn and $1.46bn in the short term for the year 2021. The transport sector’s needs are the highest, followed by culture and housing. The three main economic effects of the explosion are: losses in economic activity caused by the destruction of physical capital; trade disruptions; and losses in fiscal revenues for the Government. The disaster will not only exacerbate the contraction in economic activity, but also worsen poverty rates, which were already at 45% of the population just prior to the explosion.

TURKEY

The completion of the merger of Turkey's state-owned insurance companies has resulted in the country's largest insurance and pensions company. The merger involved six insurers and pension fund management companies which are: Halk Sigorta, Gunes Sigorta, Ziraat Sigorta, Halk Hayat, Ziraat Hayat and Vakif Emeklilik. They have been placed under the umbrella of the Turkey Insurance Joint Stock Company that was registered with the Istanbul Trade Registry Office last month. The goal of the consolidation exercise is to sharpen the competitiveness of the state-owned sector. In the country's latest New Economic Program, the Turkish government announced that it would accelerate reforms in insurance and private pensions which are also included as sectors within the scope of the economic plan.

Recent Success Stories

- **Bound General Liability, Employers Liability and Automobile coverage in UK as part of a US controlled program along with a locally placed Aviation Products & Grounding Liability**

policy.

- **Quoted and bound an ocean front Homeowners policy in the Bahamas with savings of 7% over the expiring premium.**

- **Placed standalone local Property policies in China and Italy in lieu of an expiring International program for a specialist company involved in the development, manufacture and supply of products and technical services to the global UV Ink & Coating industry.**

- **Bound a standalone Workers Compensation policy in Portugal for a sales office of a UK entity.**

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