



GLOBEX UPDATE PROPERTY & CASUALTY

Events, developments, and opportunities in the international marketplace.

AUSTRALIA



The New South Wales Court of Appeal (the court) has ruled against insurers in a test case that was initiated by the Insurance Council of Australia (ICA) and Australian Financial Complaints Authority. The test case was launched to resolve uncertainty surrounding potentially outdated wording in pandemic exclusions. Several insurers have denied COVID-19-related BI claims on the grounds that their policies specifically excluded disruption caused by 'quarantinable diseases'. However, these policies referred to the Quarantine Act which had been repealed in 2015 and replaced with the Biosecurity Act. Despite the insurers arguing that the intent of the clauses were clearly to exclude a pandemic even after amendments in the Biosecurity Act, the court said that COVID-19 is not "declared to be a quarantinable disease under the Quarantine Act 1908 and subsequent amendments", and "accordingly was not excluded from the disease benefit clauses". The ICA said that it will urgently review the determination and specifically the grounds on which it could seek special leave to appeal against the decision to the High Court of Australia. If the appeal goes ahead, the outcome will be expected next year.

NIGERIA

Nigerian insurers are facing their biggest claims on record after protests against police brutality turned violent, leading to large-scale looting and destruction. Although exact claims are still being worked out, according to local reports the losses will run into billions and billions of naira and will probably outstrip previous payouts in the West African nation. The surge in potential payouts threatens to further delay efforts by the regulator to boost capital buffers. The National Insurance Commission in June postponed a deadline for the recapitalization of the industry by nine months to the end of September next year following the coronavirus pandemic. The insurance association plans to use the fallout from the protests to increase risk and insurance awareness. It targets doubling penetration in the next five years from less than 1%, by improving the timeliness of settlements, and working with authorities to enforce compulsory policies like motor insurance.



FRANCE



The outlook for the French insurance sector in 2021 is worsening for the life segment and is stable for non-life, according to one credit ratings agency. The sector view is based on an updated definition that considers underlying fundamentals expected in 2021 relative to actual fundamentals in 2020. The rating agency said the worsening sector outlook for the French life insurance market reflects its view that lower rates and rising credit risk - effects of the pandemic - will be more pronounced in 2021. This will increase existing pressure on earnings and, to a lesser extent, capitalization of French life insurers, while catalyzing the acceleration of insurers' ongoing business transformation. The stable sector outlook for French non-life insurance reflects expectations that non-life insurance companies will be able to absorb pandemic-induced losses and withstand economic pressures on premiums and investment revenues. This is primarily due to strong business diversification and underwriting discipline, as well as a more favorable pricing environment in commercial lines.

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- Placed local policies in China, Serbia and UK for a US based multinational company producing silica bonded refractory products.
- Quoted Property & General Liability coverage including Extended Products Liability for a US owned facility in Spain manufacturing fiberglass parts for use in wind towers.

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