



GLOBAL UPDATE

Events, developments, and opportunities in the international marketplace

Volume 3, 2021

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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!

Denmark - An Actual Decrease in Property Tax!

It is not common to see a rate of tax decrease instead of increase; which is the case of the Danish Storm Damage Levy imposed on all Property policies in this country. The Storm Council recently announced a reduction in the Levy from DKK 60 to DKK 40. This tax will be applied to any Property policies that offer cover for static buildings as well as movable property. This change will take effect on July 1, 2021.



USA - Senate Votes TRIA Extension for Additional Seven Years



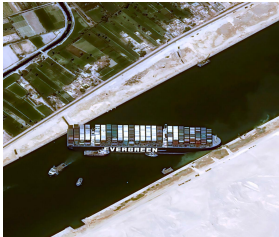
The United States Senate has passed a bill that will provide further extension to the Terrorism Risk Insurance Act (TRIA); this will now expire at the end of 2027. TRIA is an optional cover offered to all policyholders of USA based policies, and this was first put into effect following the 9/11 acts of terrorism. If an act of terrorism results in property damage and casualty losses, the policy will respond to any claims reported by the policyholder. All USA licensed insurers are expected to offer this cover at quoting stage, and again post binding. The policyholder has the right to waive this coverage; the waiver will form part of the policy, and any premium allocated to this will be reimbursed to the client. TRIA is a federally mandated coverage and has been extended several times since its establishment in 2001.

Venezuela - A Nominal Change in Municipal Levy Tax

Commercial policies in Venezuela will be subjected to a slight increase in municipal taxes. As of the beginning of 2021, any policy issued on or after January 6, 2021, will have an increase of 0.05%. As such, the current local tax on Property policies will increase from 5.95% to 6%; Liability, Financial Lines Engineering and Marine policies will have local tax increase from 4.95% to 5%.



Global Rate Hikes - The Story of the *Ever Given* Container Ship



On March 30, the *Ever Given*, one of the largest container ships in the world, was finally freed from the banks of the Suez Canal where it had been stuck for almost a week. The *Ever Given* finally straightened out its course to allow the passage of other ships which had been waiting on either side of the canal; reports state that more than 300 ships were blocked.

The six-day blockage threw global supply chains into disarray after the 400-meter-long (430-yard) ship became jammed diagonally across a southern section of the canal, the shortest shipping route between Europe and Asia.

The blockade has resulted in losses that may run into hundreds of millions of Euros. The ultimate losses have yet to be calculated as they involve: the salvage costs of the *Ever Given* itself, claims related to the Hull and Cargo insurance, the shipowner's protection and indemnity club claims from the owners of the cargo on the *Ever Given*, and of the other ships that are blocked in the Suez Canal, for losses related to perishable goods and supply chain disruptions.

In addition, there may be claims from the Suez Canal Authority itself for loss of revenues. Environmental pollution through spillage of oil or oil products into the canal was fortunately avoided.

A large share of those losses will probably be reinsured by a global panel of reinsurers. In isolation, this large loss event should be neutral to their credit profiles. However, it will add pressure to global reinsurers' 2021 earnings—earnings that have already been knocked by catastrophic events such as winter storms in the US and flooding in Australia, as well as by additional coronavirus pandemic-related losses.

Last year, global reinsurers reported heavy declines in earnings due to paid claims and claims reserves related to the coronavirus pandemic. However, underlying performance improved due to significant price increases in non-life primary and reinsurance, and their capital positions remained very strong at the end of 2020. The sequence of catastrophic events in 2021 will put additional strain on commercial insurance and reinsurance markets, pushing prices even higher in an already hardening market.

Formal investigations began soon after the blockade ended, seeking answers to how the giant container ship *Ever Given* ran aground in the canal. The incident and its impact on hundreds of ships delayed in the canal would be a "large loss" for insurance market Lloyd's of London, and this will most likely affect capacity availability in the reinsurance markets, putting further pressure on rate increases, in particular in the Marine industry.

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- Instrumental in placing multinational reinsured Marine Cargo policies in India, Japan, Jordan, Singapore, South Africa, South Korea, Taiwan, Thailand and Turkey for a leading global manufacturer of inverters for solar systems.
- Secured multinational reinsured Marine Cargo policies in Canada, Europe, Mexico, Switzerland, Turkey and the United Kingdom for a global aerospace and defense company.
- Placed multinational reinsured Directors' and Officers' policies in Bolivia, Chile, India, Mexico, Peru, Russia and Turkey for one of the world's largest brand-name apparel companies.
- Established a reinsured Contractor Pollution policy in India, Qatar and UAE for a leading global construction company.



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