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GLOBEX UPDATE
PROPERTY & CASUALTY

Events, developments, and opportunities in the international marketplace.

Global

The global takaful and the fund's sector is expected to grow this year although its contribution to the industry remains small. The global Islamic finance industry will grow by 10-12% in 2021-2022 after slowing to 10.6% in 2020 (excluding Iran). This is because Islamic banking assets are growing in some GCC countries, Malaysia, and Turkey and new Sukuk issuances (sharia-compliant bonds) are exceeding maturing ones. The forecast is for total Sukuk issuance of about $140bn-$155bn this year (compared to $139.8bn in 2020). The industry has yet to fully unlock opportunities related to standardization and increase its contribution to sustainable finance. The next 12 months could see progress on a unified global legal and regulatory framework for Islamic finance that the Dubai Islamic Economy Development Center (DIEDC) and its partners are developing. Depending on the outcome and its adoption, such a framework could help resolve the lack of standardization and harmonization that the Islamic finance industry has faced for many years. There could also be more frequent issuance of dedicated social Islamic finance instruments and green Sukuk as the industry leverages its alignment with environmental, social, and governance values.

South Korea

AM Best has revised its market segment outlook to 'stable' from 'negative' for the South Korean non-life insurance industry based mainly on improved underwriting performance, stabilized expense ratios, and potential asset risk being effectively limited and controlled by most insurers amid volatile capital market in 2020. Although the COVID-19 pandemic led to disruption of face-to-face sales activities, the impact on the overall top-line was limited, given non-life insurers' large base of recurring long-term insurance premiums and strong growth of automobile insurance due to industry-wide rate increment exercises in 2019 and early 2020. The South Korean non-life segment reported a rising overall expense ratio–to 23.0% in 2019 from 19.0% in 2015–although it appears to have stabilized at 21.9% in 2020. Over-competition in the general agency channel has receded with the implementation of a regulatory restriction on sales commissions and insurers' effort to recover bottom lines. Investment profits declined by 9.4% in 2020 but have since rebounded in the second half , and exceeded pre-pandemic levels as of Q1 2021.

India

Non-life insurance companies are seeing a sharp spike in claims in the wake of higher COVID-19 infection rates, a situation that could impact their balance sheets if the trend continues. As of 31 March, non-life companies including health insurers received 980,000 claims totaling INR145.6bn ($2bn) for COVID-19. The number of claims rose to 1.48m as of 14 May for a total value of INR229.55bn. This means that in the first 44 days of the new fiscal year that started on 1 April, COVID-19 claims amounted to INR83.85bn which is 57% of the pandemic-related claims for FY21. This is against the backdrop of insurers having had the advantage of a revision in premium rates and lower claims last year, leading to concerns about the impact on balance sheets.

Recent Success Stories

- **Bound a Yacht and Pleasurecraft Insurance Policy for a new 37’ 2021 SeaVee Sport Fishing Boat located in Greater Exuma, Bahamas.**
- **Placed a standalone commercial property policy for a permanently rented vacation home in Christiansted, St Croix, United States Virgin Islands.**
- **Bound a standalone D&O Liability policy in Switzerland for a volunteer women's organization advocating on behalf of women's rights and religious autonomy.**
- **Placed a General / Products Liability policy and a D&O Liability policy in France as part of controlled master programs for a US-based multinational serving consumer, commercial, medical and industrial markets worldwide**

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