



## GLOBAL UPDATE

*Events, developments, and opportunities in the international marketplace*

Volume 5, 2021

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### A Message From Globex



This month marks 19 months since Globex started our "Working from Anywhere" policy. Our team takes full advantage of technology and multiple online communication platforms to stay connected and engaged.

We have been enjoying virtual Happy Hours with fun games (and prizes, of course!) and sharing many laughs. We have met our team members' families, pets, and friends to get to know each other more. We celebrated holidays around the world and gained more appreciation of different cultures. We have created many Globex Fun Clubs, so we can spend some great social time together with the same interests. As of today, we have Fun Clubs for Books, Puzzles, Football (yes, soccer!), Camping, Anime/Manga, Food, Golf, Financial Markets, Running, Travel, Wellness, and we even have a Harry Potter Movie Club! We made fresh pasta with our Food is Fun Club, went to anime events together, ran a 5K to support our local community, and will watch Harry Potter and the Half-Blood Prince at our Clubhouse this week.

We know we can't have all the fun in this world just by ourselves, so we would like to invite our partners to join us for some fun activities hosted by various Globex Fun Clubs. We will start to post invitations for virtual events via our newsletters and LinkedIn company page. Please join us to perhaps do a puzzle together or cook a meal with a mystery food box challenge. Look out for more information in the near future!

Stay well, healthy and strong...

Your Globex Team

### Australia - Market Continues to Witness Portfolio Remediation

Directly from our Network Partner on the ground.....



"...Insurers' profitability continues to decline. The decline in property rates was mainly driven by the claims costs relating to natural catastrophes, provisioning for COVID-19 pandemic-related business interruption claims and lower investment income. Financial Lines claims experience continues to deteriorate with increased class actions. Certain professions are witnessing exponential rate increases

due to adverse claims; these include Geotechnical, Structural and Façade Engineers. Fire and Building Certifiers are finding coverage increasing difficult to obtain at any price. We are continuing to witness removal or reduction in capacity in Fin Lines. Lloyd's is risk averse to Australian business as it is delivering a poor return on capital.

As you can see the insurance landscape is a continuing hardening market for the next couple of years at least. We are in the 3rd year of rate and portfolio remediation..."

## **Spain - The After Effects of the Pandemic**

Our friends in Spain shared the following:

"...Despite the pandemic, the last 22 months in the insurance market have been strong.

Spanish insurers do not cover any material damages of Business Interruption claims as a consequence of the pandemic. These are excluded in Property policies. Any claims that involve the closure of companies, as a consequence of lack of business, or unpaid receivables, are not denoted as "material damage" and as such, these claims are being declined by the Spanish insurer.



The pandemic has impacted worldwide, affecting reinsurance premiums and primary insurance premiums. At this time, Spain is experiencing a hardening of the insurance market; lines of business such Property, Health and Financial Lines (D&O, Cyber, Crime, PI) are seeing a rise. Rates are generally on the rise.

The Spanish society has become more sensitive to events, which gives an opportunity for the Spanish market to grow. Non-life premiums are growing at 2-3% in the sector. Industrial Multi-risk (SME) policies are growing at 5-8% and General Commercial Liability is growing between 4-5%.

The outlook for the coming years is stable and positive. Tourism is a major industry in Spain; this has been hugely affected, and the Accident and Health industry has suffered substantially; nonetheless, with the increase in vaccination rates, this line of business will soon see a good recovery."

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## From Our Partners in Germany



“..... This year we really have had a rainy season, which is pretty unusual. But that opens time slots for working as going outside is not really a good option!

Concerning the market and the consequences of the natural disasters, we think these will result in significant changes for the coming years. Insurers are currently rethinking terms, from the adjustment of premiums to deductibles; from clauses (exclusions) to different risk zoning (Zürs). Some insurers have stopped underwriting business in the Zür zone 3. To date, only zone 4 out of 4 zones was excluded. It will therefore be more challenging for some private households and businesses to get coverage.

In the Auto Liability market, the first significant change in terms can be seen taking place in new regional classifications.

Insurers' capacities are declining significantly. All insurers want to relieve themselves and reduce their quotas in all lines of business: these are already visible in the lines of Property, Liability, D&O, Cyber.

In cyber the pricing is not quite clear yet. There could still be another increase, although last year the price was already significantly adjusted....”

## VAT Surcharge Withdrawal in China - Effective from September

Effective September 1, 2021, premiums on Chinese policies that are part of overseas reinsurers' multinational programs will no longer be subjected to a VAT surcharge of 0.72%. This new regulation will apply to both reinsured policies as well as any endorsements to existing policies.



Globex conducted a market canvas among our Network Partners and below are the findings:

This change in regulation is being followed by most Chinese insurance companies which write reinsured business for foreign reinsurers. For some insurers, it is the policy issuance date and not the inception date that will determine whether or not the new regulation applies. For other insurance companies who write small numbers of reinsured policies, it may take longer to update their systems, and therefore, the VAT surcharge may continue to be applied.

For any questions, please feel free to reach out to any of the Globex Team.

- Placed a reinsured Property policy in China for a life science industry-based real estate company.
- Instrumental in placing a reinsured General Liability, Products Liability and Employers Liability program in Costa Rica and Mexico for an intermodal rail terminal services provider.
- Placed an Errors and Omissions policy in Brazil, and reinsured policies in China and India as part of a multinational program for a global safety certification company.
- Established a reinsured Directors' and Officers' Liability policy in Turkey for an American based worldwide apparel and footwear company.
- Placed a reinsured Professional Indemnity Multinational program in 11 countries and the European Union for one of the largest travel management companies in the world.
- Secured a stand alone Marine Cargo policy in Brazil for a world-class manufacturer of advanced cutting solutions.
- Instrumental in placing reinsured Directors' and Officers' Liability policies in Japan and Serbia for a multinational financial services corporation.
- Established a fronted Marine Cargo policy in UAE for a provider of luxury sneaker and streetwear products.
- Placed reinsured General Liability, Products Liability, Employers Liability and Property policies in Vietnam for an online furniture retailer.

