

Events, developments, and opportunities in the international marketplace.

Global



The reinsurance market showed mixed results at the January 2022 renewals. In contrast to 2021, the January 2022 renewals were characterized by a tight correlation between the recent loss experience and the respective price movements. Rate increases were most pronounced in those lines of business that had a surprisingly high amount of claims in 2021, such as property catastrophe in Europe, cyber, and the retrocession market. Conversely, the price improvements of the past couple of years were deemed sufficient in most casualty lines of business, which led to a stronger interest in quota-share treaties and rising reinsurance commissions paid. Risk-adjusted prices are expected to improve by around 1% on average over all segments in 2022, assuming a normalized level of natural catastrophe claims. This is less than in 2021, but will still support the sector's improving technical results. Premium rates fell in trade credit insurance as claims did not increase as anticipated. Both traditional and alternative reinsurance capital increased by 3%–4% during 2021, despite the heavy losses of more than \$100bn caused by natural catastrophes. While the alternative capital space benefitted from continued inflows into catastrophe bonds, traditional reinsurers' capital increased following improved underlying profitability. The reinsurance sector is expected to slightly improve its return on capital in 2022 to above the high-single-digit return forecast for 2021, to reach a level that is broadly in line with the industry's cost of capital. This comes on the back of another year of risk-adjusted price improvements in 2022.

Germany

Germany's BGA trade association has warned of massive supply chain disruptions due to the rapid spread of the Omicron variant of the coronavirus, but said a long-term collapse of supply chains was unlikely. German industry has been hit by supply shortages of microchips and other components, while rising coronavirus cases are clouding the outlook for retailers at the start of 2022. Although many wholesalers around the world have made their supply chains more flexible, disruptions in global delivery networks may still occur, with a need for government support through lower energy



and electricity prices and other forms of help. Omicron now accounts for more than 44% of coronavirus infections in Germany. Concerns that the new variant could bring critical services to a halt prompted the German government to tighten the rules for restaurant and bar visits and to shorten COVID-19 quarantine periods. Germany's Chamber of Commerce (DIHK) welcomed the new isolation regulations but said it was concerned about a growing number of infections in the logistics sector, which is already suffering from staff shortages, and warned of consequences for food retail and medical production sectors.

Morocco



The Moroccan government is stepping up several projects, on both a regulatory and operational level, to encourage insurers to expand their offerings to the currently-excluded and vulnerable segment of the population and to accelerate the inclusion of Moroccans in insurance. This is one of the commitments made by the government as part of the EUR120m (\$137m) loan agreement signed last December with the African Development Bank to strengthen financial inclusion. The Ministry of Finance is counting on 700,000 inclusive insurance contracts to be closed by the end of 2022 to strengthen the protection and economic integration of target populations, particularly low-income households and Very Small Enterprises (VSEs). The Insurance and Social Welfare Supervisory Authority (ACAPS) has obtained financing for a penetration survey carried out through an inclusive insurance barometer. The objective is to monitor the level of access of the target populations to insurance on the demand side and to assess the impact of the various measures and initiatives taken to promote insurance.

Recent Success Stories

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- **Placed General Liability policy with a limit of \$10,000,000 for a private construction project being undertaken in the Bahamas.**
- **Bound Marine Liability & Errors & Omissions Liability for the US operations of a leading international freight forwarder based in Italy.**
- **Put a Canadian service team and policies in place for a global mobile exhibition logistics company for an account won from Marsh.**

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