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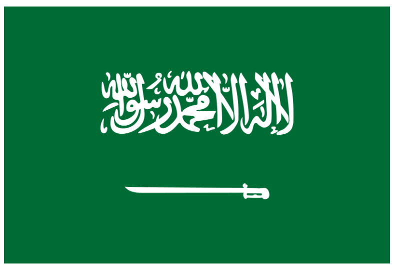
GLOBEX UPDATE
PROPERTY & CASUALTY

Events, developments, and opportunities in the international marketplace.

Japan

A decline in motor premiums is pushing the Japanese general insurance market to focus on property and specialty lines. Statistics suggest a fall of 12.7% in the number of traffic accidents within the country between 2016 and 2020. This has prompted insurers to reduce premiums on compulsory third-party policies twice, leading to a decline in Compound Annual Growth Rate (CAGR) for motor insurance of 0.3% over this period. At the same time, the share of motor insurance business for Japan’s top four insurers—which made up nearly 90% of net written premiums in 2020—declined from 63.3% to 60.5% over the four-year period outlined above. Meanwhile, the property insurance segment grew at a CAGR of 5.2% between 2016 and 2020. This growth was apparently driven by an increase in reinsurance premium rates and natural catastrophic events that led to increased risk. The Property insurance share within total premiums for the top four insurers increased from 12.9% to 15.2%.

Saudi Arabia



Saudi Arabia's insurance market - the second largest in the GCC in terms of GWP - is forecast to grow at a compound annual growth rate (CAGR) of 1.6% to reach $10.8bn in 2026, according to a report on the GCC insurance sector. The forecast pace of growth is faster than the CAGR of 1.2% attained in the years from 2015 to 2020. The non-life segment is expected to grow at a CAGR of 1.5% to reach $10.4bn in 2026, primarily led by mandatory insurance business lines and expected recovery in business activity. Health and motor will continue to remain the biggest lines of insurance in the segment. In motor insurance, the percentage of motorists reluctant to insure remains high, primarily due to people regarding auto insurance as a luxury rather than a necessity. However, rising awareness, mandatory rules and strengthening laws are likely to scale the low take-up of motor insurance policies going forward. Moreover, regulatory initiatives such as introducing insurance products that protect the rights and benefits of non-Saudi workers in the private sector coupled with significant infrastructural developments planned as part of the Kingdom's Vision 2030 will continue to support the segment. Saudi Arabia has a robust pipeline of infrastructure projects dollars aimed at diversifying the economy beyond oil.

China

The financial services sector, including insurers, banks, securities firms, fund managers and payments companies, will have to undertake tighter anti-money laundering measures beginning in March. New rules released at the end of January require financial institutions to tighten due diligence procedures on clients and transactions, especially overseas transactions. When individual cash transactions involve at least CNY50,000 ($7,840) or $10,000, the financial institutions must identify and verify the identity of the clients, file the clients' personal information and keep a record of the transactions. Non-banking payment service providers must keep client information for individual transactions of more than CNY10,000 or $1,000. The new rules take effect on 1 March. These moves are part of the authorities' three-year, anti-money-laundering action plan that began in January 2022. Eleven government agencies are involved, including the China Banking and Insurance Regulatory Commission (CBIRC). The action plan requires working methods to be refined to improve the national money laundering risk-prevention and control system.

Recent Success Stories

- **Bound coverage for Office Equipment and a $4m General Liability policy to comply with lease requirements for a newly established North American call-center office.**
- **Placed a local Package policy for the UK office of a US-based M&A, strategic, and corporate finance advisory investment banking firm.**
- **Placed local General/Products Liability policies in 4 countries as part of a Controlled Master Program on behalf of a US multinational consumer healthcare company.**
- **Bound a Foreign Package policy including cover for Property stored at an international third party location on behalf of a North American global piping solutions provider.**

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