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GLOBEX UPDATE
PROPERTY & CASUALTY

Events, developments, and opportunities in the international marketplace.

Turkey

Carmakers in Turkey may be forced to suspend production in May and June because of the supply problems occurring due to COVID lockdowns China is imposing. In April, many factories in Shanghai halted their operations, while long delays at the port in the city caused challenges and exacerbated the problems in the global supply chain. Turkey carmakers, already facing problems such as semiconductor and raw materials shortages, are closely watching the developments in China, and the summer months for car producers will not be easier. The latest news from Shanghai shows that the situation has become unmanageable for companies operating in the automotive supply industry. The decline in the volume of deliveries and the rising prices meant that the companies reached a point where they could not make a profit and will have problems supplying parts to the main automotive sector in May and June. As a result, companies producing passenger cars are expected to temporarily halt their operations in May and June. The latest data showed that the automotive sector's production in Turkey declined by 13.7 percent on an annual basis to around 107,000 units in March. The passenger car output fell by 23.9 percent in the month from a year earlier to 57,000 vehicles. The businesses group also reported that total vehicle sales in Turkey plunged nearly 32 percent in March from the same month of 2021 to 68,000 units, with passenger car sales declining more than 34 percent on an annual basis to 50,000 units. The industry's export revenues, on the other hand, declined by 6.9 percent from a year earlier to $2.7 billion. In the first three months of 2022, local carmakers produced a total of 303,000 vehicles, which marked a 12.4 percent drop compared to the same period of 2021. Passenger car production in the first quarter was down 21.5 percent to 166,000 units. The auto market shrank 23 percent.A total of 160,000 vehicles were sold in January-March The sales of passenger cars fell more than 25 percent to 117,000 units in the first three months of 2021.

Australia

The Insurance Council of Australia (ICA) provided updated data on the storms and floods that impacted South-East Queensland and coastal New South Wales in February and March, showing that the event is estimated to be Australia's costliest flood ever. Using actual claims costs from 197,000 claims across both states, the event is estimated to have cost A$3.35bn ($2.38bn) in insured losses. This makes the event the costliest flood in Australia's history, and the fifth most costly disaster event. The rise in claims costs compared to previous floods is being driven by higher costs in the Personal Property, Personal Contents and Commercial Property classes reflecting the increased cost of materials and a challenging supply chain environment. More than 11% of claims have already been closed and A$580m have already been paid to policyholders. In addition, a report was recently released saying that fiercer floods, winds and bushfires whipped up by warmer temperatures mean more than half a million homes in Australia – about 1 in 25 - will cost too much to insure by 2030 based on projected annual damage that would make insurance policies effectively too pricey to afford.

India

The profitability of state-run general insurers is constrained by their role in helping to enforce government insurance schemes and increase insurance penetration by offering lower-priced products. Government-owned insurance companies, which accounted for 45% of earned premium in the fiscal year ended 31 March 2021 (FY2021), posted a combined ratio of over 120%. AM Best expects a deterioration in technical metrics in

FY2022, driven by a further decline in health insurance results. Overall, a negative market segment outlook on India's non-life insurance segment is being maintained, citing insurers' reliance on investment income to offset persistent underwriting losses as a key factor. Key lines of non-life business, including health, motor and crop insurance, have been challenged for several years by poor underwriting performance. Despite an improvement in FY2021, the overall market's combined ratio remained unfavorable, at 115%, compared with approximately 120% in the previous two fiscal years. Impacting these lines of business and investment returns is the ongoing pandemic and global geopolitical tensions. Increased market volatility is a risk to India's insurers that could materially affect their capital position and investment performance

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- **Bound local Property coverage for industrial steel intermediate bulk containers stored at warehouse locations in the Netherlands.**
- **Placed Airside Liability and General Liability policies for a provider of Aircraft Rescue Firefighting services at airport locations in Alberta and Saskatchewan, Canada.**
- **Bound a local General & Products Liability policy including Stop-Gap EL in Puerto Rico for a US based firm of business management consultants.**

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