

Events, developments, and opportunities in the international marketplace.

Global

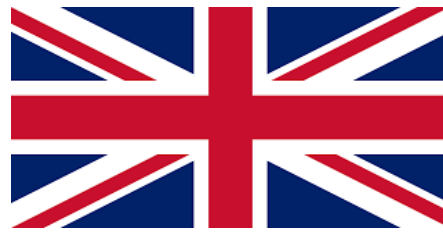


Reinsurer and insurer profitability improved in the first quarter underpinned by rate gains and lower catastrophe losses compared to a year earlier, according to a global report on financial results. Companies tracked reported average premium growth of 11% driven by commercial lines and reinsurance rates, with significant variation by line of business and region. The average combined ratio improved to 94% from 96% a year earlier. Economic inflation and more uncertainty around ultimate losses that will be incurred to settle claims as well as the impact of sustained low interest rates on

investment income is driving higher pricing. Rate on rate increases are being achieved in many cases for the fourth consecutive year. Some firms have established reserves for exposures relating to the war in Ukraine, although that was not a significant driver of overall results. One of the biggest challenges over the next three quarters is continued increases in social inflation due to its impact on loss costs and loss ratio trends, especially in the more liability exposed lines. Declining equity markets contributed to a drop in the average return on equity to 9% from 14% a year earlier.

United Kingdom

There are reports that loyal UK automobile insurance customers face premiums up to double the price of those paid by new customers despite regulatory reforms. The prominence of price comparison sites, and consumers being extremely likely to select the cheapest policy from the first page, means it is difficult for insurers to make profit on new business. The Financial Conduct Authority (FCA) introduced new rules from January to prevent dual pricing practices that involve increasing premiums for existing policyholders at renewal over years, while below-cost offers are made to attract new customers. But one report suggests that loopholes in the new rules around when and how customers apply for a quote mean customers are still paying more to renew an existing policy. Research shows that many people continue to renew with the same insurer, and a significant percentage don't shop around. The UK automobile insurance industry's direct written premium (DWP) is projected to grow at a compound annual growth rate of 2.3% from £18.4 billion (\$31.9 billion) in 2021 to £20.6 billion (\$35.7 billion) in 2026. Automobile insurance prices are expected to increase as the industry faces high inflation and compliance costs related to FCA reforms. As companies look to re-balance premiums prices for existing and new customers, it should result in a jump in the DWP in 2023.



Canada



The storm that swept through southern Ontario and parts of Quebec in late May caused over C\$875 million (US\$676.3 million) in insured damages, per initial estimates. Damage in Ontario is estimated to be over C\$720 million (US\$556.5 million), while the storm caused an estimated C\$155 million (US\$119.8 million) of damage in Quebec. This storm now ranks as the sixth largest in Canadian history in terms of insured losses – surpassing the Toronto flood of 2005. Described as a

derecho, the storm was far-reaching and impacted a densely populated corridor across southern Ontario and into Quebec. Close to 30,000 homes in Ontario and Quebec were without power for more than a week after the storm. Although hail and torrential rain accompanied the storm, wind caused most of the property damage.

Recent Success Stories

- **Bound Property, primary General and Employers' Liability as well as an Umbrella Liability policy for a private island estate in the British Virgin Islands.**
- **Won a significant new US account by RFP including oral presentations alongside our Partner broker; the account has operations in two overseas countries.**
- **Placed a Products Liability policy in the US for an Irish toy company involved in the design, manufacture, distribution, marketing, sale & supply of toys.**
- **Bound a Homeowners policy with Buildings, Contents and General Liability coverage for a corporate-owned property being operated as an Airbnb situated in the Commonwealth of Dominica.**

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