

Events, developments, and opportunities in the international marketplace.

Global



According to one forecast, global insurance premiums are poised to surpass USD 7 trillion for the very first time in 2022 on the back of 6.1% growth, supported by solid employment, income growth, the hardening P&C market environment, and elevated risk awareness for mortality and health risks following the COVID-19 pandemic. Claims costs are on the rise, and this is extending rate hardening, which in turn is improving underwriting profitability and underpinning premium growth in 2023. Interest rates are also rising, and over the medium term, this will lead to higher investment

returns, further supporting insurers' profitability. Nominal, global insurance market growth of 6.1% would take total premium volumes 17% above the level seen at the onset of the COVID pandemic, which highlights the resilience of the risk transfer sector through the crisis. By segment, stronger growth is expected in non-life premiums, which are anticipated to expand by 7.1%, totaling USD 4.1 trillion globally. In 2023, non-life premiums are expected to expand by 2.2% in real terms, based mostly on continued rate hardening, with stronger growth in the commercial lines sector being forecast more than personal lines. In terms of geographies, the U.S. remains the world's largest insurance market, with total premium volumes of USD 2.7 trillion in 2021. China remains the second largest insurance market in the world with more than USD 700 billion in premium and, in Europe, the UK and France produced strong growth in 2021, with increases in total premiums of 16.7% and 24%, respectively.

Europe

Damage from large wildfires in Europe has jumped dramatically, with a 75% increase in the amount of land burned in the latest year. In 2020, 787,130 hectares of land (or 2 million acres) were burnt across 35 European countries, up from 450,250 hectares (1.1 million acres) in 2019. While much attention has been paid to the impact of climate change on wildfires in North America, European wildfires also have been increasing in frequency and severity as a result of climate change and urbanization. Higher temperatures have increased the risk of fires starting on the continent, while drought-like conditions from dry soil are also making it easier for wildfires to spread rapidly. The abandonment of traditional agriculture in Mediterranean countries has contributed to a build-up of vegetation, resulting in increased size and severity of fires. Further, Europe is a densely populated continent, which increases the potential for material losses to property. Forest management practices have not kept up with these trends, which has made efforts to suppress wildfires considerably less effective, leading to more damage. Modeling capabilities of wildfire risk in Southern Europe are less advanced when compared to the U.S. and Canada. As a result, re/insurance companies must rely on internal methods to assess risk rather than probabilistic hazard models. As wildfires have only recently been considered a material peril, the modeling used to predict behavior is not as developed as that of other natural catastrophes, such as hurricanes. The high number of variables that influence wildfire behavior, such as weather patterns, fuel, property characteristics, topography (orientation towards the sun and land gradient, for example), also make patterns difficult to predict. The countries that saw the largest increases in amount of land burnt in the past year include Bosnia & Herzegovina (246%); Croatia (130%); Italy (36%) and Greece (34%). A single fire in Bosnia and Herzegovina resulted in over 8,000 hectares being burnt.



South Korea



Business interruption and an economic slowdown topped the list of key risks in South Korea in 2021, with property damage and ESG risks cited as two of the projected top five risks for 2024. Cyber risk tops the list as the number one current and predicted future risk globally. The remainder of the top 10 risks in South Korea strongly reflect the current landscape: Pandemic Risk/Health Crises; Increasing Competition; Supply Chain or Distribution Failure; Accelerated Rates of Change in Market

Factors; Regulatory/Legislative Changes; Environmental Risk. Organizations are shifting their focus from event-based to impact-based risk assessments: for example, BI was once seen as a linear risk, but COVID-19 and geopolitical risks have demonstrated how it can affect multiple industries and companies simultaneously and globally.

Recent Success Stories

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- **Bound Cyber Liability coverage on behalf of the world's leading professional body for board-certified aesthetic plastic surgeons.**
- **Placed Property, Business Interruption, Garage Keepers Liability, and General Liability coverage for a US based tire, trailer leasing and truck parts company expanding in Western Canada**
- **Issued local General Liability & Employers Liability policies as part of a controlled master program for a US public university with a campus in China.**

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