Volume 302 September 2022

globex BROKER SERVICES

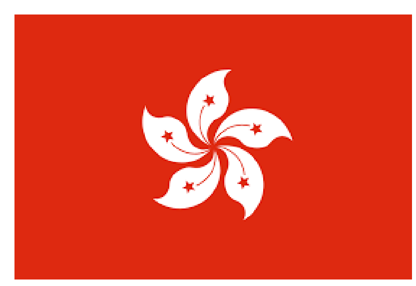
GLOBEX UPDATE
PROPERTY & CASUALTY

Events, developments, and opportunities in the international marketplace.

Europe

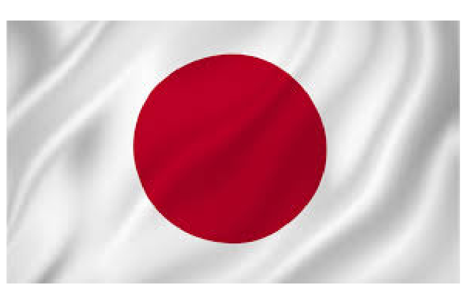
The European Commission's proposed law, known as the Cyber Resilience Act, will mean that smart devices connected to the internet – from laptops to fridges to mobile apps - will have to be assessed for their cybersecurity risks amid concerns about a spate of cyber-attacks. Companies may face fines of as much as €15 million or up to 2.5% of their total global turnover if they fail to comply. The Act will propose putting the responsibility where it belongs,with those that place the products on the market. Manufacturers will have to assess the cybersecurity risks of their products and take appropriate action to fix problems for a period of five years or during the expected lifetime of the product. Companies will have 24 hours to notify EU cybersecurity agency ENISA of any incidents they become aware of and take measures to resolve them. Importers and distributors will also have to verify that products conform with EU rules. Warnings have been expressed that the resulting red-tape from the approval process could hamper the roll-out of new technologies and services in Europe. If companies do not comply with the EU's rules, national surveillance authorities can prohibit or restrict a product from being made available to their national markets. The proposed draft rules will need to be agreed with EU countries and EU lawmakers before they can become law.

China



Global financial firms are reassessing their China strategy after an escalation of tensions over Taiwan. Insurers, meanwhile, have raised prices by an average 67% for political risk coverage linked to China, and are only underwriting new policies, "cautiously and selectively" in China while reducing their capacity for Taiwan exposure. Heated rhetoric between Beijing and Washington over Taiwan has unsettled firms, coming just months after Russia's war unexpectedly forced the world's largest lenders to exit businesses and stop serving ultra-wealthy clients. U.S. lawmakers have ramped up pressure on banks to answer questions on whether they would withdraw from China if it invaded Taiwan. Most view the risk of armed conflict in North Asia as low, but tit-for-tat sanctions between the US and China that disrupt the flow of finance and trade are seen as ever more likely. The combined disclosed exposure of the biggest Wall Street banks in banks in China was about $57 billion at the end of 2021.

Japan



The impact of Typhoon Nanmadol will be "manageable" for Japan's "well-capitalized" insurance industry. The typhoon, which made landfall earlier this month, will not have a "severe" impact on the insurance industry both "domestically and globally". The strength of Nanmadol and insured losses are likely to be less than 2018's Typhoon Jebi, Japan's costliest typhoon, which caused losses of JPY1,068 billion ($11.40 billion). The strength and reinsurance capabilities of Japan's four largest private insurers – Tokio Marine, Sompo Japan, Mitsui Sumitomo, and Aioi Nissay Dawa – which account for about 85% of the market, should allow it to handle incoming claims. Depending on the total and insured costs, reinsurers may not have to bear significant sums. It is, however, expected that premiums in the region will increase due to the storm's damage, with reinsurers expected to revisit underwriting capabilities and assess risk factors. On a positive note, it is thought that concerns previously raised about underreporting of secondary perils such as hurricane-induced flooding, storm surges and landslides, which was a primary cause for loss creep after Typhoon Jebi, may not apply for Typhoon Nanmadol given changes implemented by insurers in recent years.

Recent Success Stories

- **Bound Property & Employers Liability policies in China and Property & General Liability policies in Mexico for a global manufacturer of healthcare, consumer packaging, and specialty industrial items**
- **Placed a General Liability policy for a Canadian wholesale reseller of electronic returns to local distributors**
- **Bound Hull & Liability insurance for a 38-foot yacht moored in the Caribbean on behalf of a high net-worth US client**
- **Placed a Defense Base Act policy for a New Zealand based Industrial Engineering company providing services at a US base in Antartica**

Contact us | Visit our website

Globex International | 101 Maple Avenue, Chester, NJ 07930