



## GLOBAL UPDATE

*Events, developments, and opportunities in the international marketplace*

**Quarter 1, 2022**

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### Kazakhstan - Reminder of Reinsurance Tax Withholding for 2022



Globex would like to remind our partners that as of January 1 of 2022, Kazakhstani insurance companies started to withhold 5% of all gross written premiums for any non-resident insurance company; that is, any insurer which is not domiciled within The Republic of Kazakhstan (TRK). According to subparagraph 16 of paragraph I, of Article 644 of the Insurance Code in

the Republic of Kazakhstan, "income in the form of insurance premiums paid under reinsurance contracts of risks arising in The Republic of Kazakhstan, are denoted as earnings and must be taxable."

Until the end of 2021, foreign reinsurers were able to produce their Certificate of Residence as proof of them being a tax abiding resident in their country of domicile, and this would provide exemption from payment of taxes within TRK. This is no longer the case, and any non-resident insurance company will be subjected to the 5% Reinsurance tax.

### News from Ukraine and Russia on the Insurance Market

Globex's network partners in both Ukraine and Russia continue to provide the best-in-class services to their clients.

Our partners have shared the following information, which is the same across both nations:



....." the insurance market in Ukraine/ Russia is currently operating as usual, with the exception of areas where understandably there is increased activity....."

As per our network partners on the ground, insurance companies continue to bear their obligations under all policies that were issued prior to the impending conditions.

In addition, the banking systems in Ukraine and Russia are working without interruptions; insureds are paying premiums, and insurance companies are providing coverage and are paying losses.

National Banks in both Ukraine and Russia have suspended the disbursement of foreign currency payments to non-residents. However, local insurers can continue to receive foreign currency payments for any claims' payments from foreign reinsurers.

Technical limitations include the inability to conduct inspections of all places where insured losses have occurred. Loss adjusters are not always able to get to all the places where a loss has occurred; in some cases, the number of available adjusters has significantly decreased. As a result, insurers are relying on their clients and local statistics to provide them with documentation and photos/videos of any material damages.

Globex continues to monitor conditions on the ground with the assistance of our network partners, and we continue to provide regular updates to our clients. For any additional information, please reach out to your Client Relationship Manager.

A background graphic for the Globex Insight advertisement featuring a complex network of red and orange lines connecting various nodes, with some nodes highlighted in blue and green. The overall aesthetic is digital and interconnected.

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## Zambia - New Tax in 2022; Insurance Act No 47



Effective January 1, 2022, the Insurance Levy in Zambia increased from 3% to 5%.

In addition to the increased Levy, a new withholding tax of 20% will be applied to any reinsured placement for all non-registered reinsurers in Zambia. This means that the total Reinsurance Tax for any non-registered foreign reinsurer will be 0.8% and an additional 20%.

As of December 31, 2021, only four Zambian companies were registered within the Zambian Superintendency.

## CIMA ZONE - Update on the Tax Exoneration on Reinsurance Premiums

In April of 2010, the insurance authority of the CIMA region decided that reinsurance premiums were to be exonerated from taxes for a period time, and to be readdressed after a period of seven years (April of 2017). CIMA is an abbreviation for Conference Interafricaine des Marchés d'Assurance, and is comprised of an economic and financial region of 15 countries: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Equatorial Guinea, Gabon, Guinea Bissau Mali, Niger, Senegal and Togo.



In April of 2016, and prior to the exoneration expiration, the insurance regulators opted to absolve the taxes on reinsurance premiums for the CIMA region for an additional five years, extending the exoneration until April of 2022.

As we approach the end of the exoneration period (this April of 2022), the question was whether reinsurance premium taxes would now be reinstated. The latest news from our friends on the ground is that the CIMA regulators have decided to extend this exemption once again for a period of five years, keeping the status quo on the topic until April of 2027. For additional information regarding the CIMA exoneration, please contact any member of your Globex Team.

- Placed a multinational reinsured Management Liability program in Hong Kong, Singapore, Japan, United Arab Emirates and Monaco for a Swiss domiciled company, specialized in structured financial products and in insurance products in the sector of finance and technology. The program included Crime and Fidelity policies.
- Secured a Freight Liability reinsured program in 9 countries across Latin America and South East Asia for a French based conglomerate focused on a range of modular services extending across seven core categories: Multimodal Transport, Trade Compliance, Contract Logistics, Global Supply Chain, Industrial Projects, E-commerce, and Customer Value.
- Instrumental in placing reinsured Commercial General Liability policies in China, Hong Kong, Macau, Thailand, Japan, Singapore, Taiwan, the United Kingdom and the USA, as well as an Excess Umbrella fronted policy in the USA for a Swiss manufacturer of luxury mechanical watches and clocks.
- Assisted in the placement of Export Marine policies in Colombia, Uruguay and Paraguay for one of the world's leaders in the production and sale of fresh beef and its byproducts, live cattle exports and beef processing in South America.
- Placed a Marine Stock Throughput reinsured policy in South Korea for a global provider of high-quality, system-critical elastomer components.
- Secured Inland Transit and Storage fronted policies in Mexico, China and a Freedom of Services policy in Europe for a US domiciled global diversified holding company that engages in multiple businesses through consolidated subsidiaries.



