

Events, developments, and opportunities in the international marketplace.

Global



Global non-life premium growth is likely to improve over the next two years following a weak 0.9% increase this year, according to one report. Premium growth is forecast at 1.8% next year in real terms and 2.8% in 2024, with commercial lines expected to benefit most from rate hardening. 3.3% growth in commercial premiums is estimated this year and a 3.7% increase next year, while global personal lines premiums are expected to shrink 0.7%, primarily due to underperformance in motor insurance in advanced markets, and then recover to 1.8% growth next year. Weak premium growth in 2022 will strengthen in 2023 and 2024 from anticipated lower inflation and a hard market for commercial lines. Global insurance industry premiums overall, including life, are estimated to have contracted 0.2% in real terms this year, but are expected to return to growth in the next two years. The outlook for global insurance premiums is cautious given the elevated downside risks over the next two years. A negative macroeconomic backdrop, persistent albeit easing inflation pressures and volatile financial markets are weighing on premium growth and profitability. Inflation remains the key concern for insurers, with average annual global consumer price index inflation forecast at 5.4% next year and 3.5% in 2024. The repricing of risk in the real economy and financial markets is considered healthy and a long-term positive. Higher risk-free rates should mean higher returns for investing into the real economy.

USA

Insured losses from Hurricane Nicole, which made landfall in Florida in early November, could reach nearly USD 2bn as impacts are exacerbated by the devastation caused recently by the more powerful Hurricane Ian. The category one Hurricane Nicole, which crossed the coastline on November 10, brought high winds and heavy rainfall to many areas hit by Ian, worsening impacts from shortages of labor, materials and claims adjusters, in an effect described as post-event loss amplification (PLA). An event of Hurricane Nicole's magnitude would not exhibit notable PLA impacts had it occurred on its own. However, the fact that it closely followed a major event with Hurricane Ian, means that the same factors influencing PLA from Ian also apply to Nicole. Privately insured losses are expected to reach USD1.3-1.9 billion, with a best estimate of USD1.6 billion, while losses covered by the National Flood Insurance Program are estimated at up to USD300 million. Although Nicole was much less intense than Ian, it had a large wind-field and it is estimated that roughly 98% of zip codes in Florida affected by the event were previously impacted by Ian. The overlapping nature of the hurricanes is expected to introduce uncertainties in the loss attribution and claims settlement process. Nicole was the fourteenth-named storm of the North Atlantic hurricane season, the eighth hurricane, and the second to make US landfall. Ian crossed the western Florida coastline on September 28 as one of the strongest hurricanes to ever make landfall in the US. Privately insured losses could range from USD53-74 billion, with a best estimate of USD67 billion. The Atlantic hurricane season officially ends on November 30.



Australia



Driving home the escalating costs of flooding in Australia, recently released data shows the country has suffered AUD8.8 billion of insured losses from floods since 2019, while insured losses from the flooding earlier this year continue to creep higher. That's around USD5.65 billion of insurance and reinsurance market losses from the flood peril in Australia alone in a three-year period. The most impactful flood event, which was the severe flooding that struck eastern regions of Australia in February and March 2022, continues to see losses rise. The total bill is now pegged at AUD5.56 billion from more than 236,000 claims, with around half of the losses in New South Wales. That flood event is now the equal costliest extreme weather event in Australia's history, alongside the 1999 Sydney hailstorm. The flooding earlier this year also drove losses to the reinsurance and Insurance-Linked Securities markets. Since 2019 insurers have now received more than 577,000 claims related to declared flood events.

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