GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace

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Costa Rica - Theft Coverage Update

Our network partners on the ground in Costa Rica have recently advised Globex about the increase in claims due to theft during the course of transit of goods within the country.

As a result of the increase in losses, local carriers are working with their clients and have been changing their underwriting guidelines for any losses due to robbery during the course of Inland Transit within the country for the local policies. Costa Rican insurers are adjusting their capacities and appetite. These include establishing higher deductibles in accordance with the risk and maintaining security measures such as GPS and armed guards. These corrective and precautionary measures on the local admitted policies are being encouraged in order to mitigate the impact of any potential claims under Theft coverage. Any insurer that places a multinational program that includes a transit policy in Costa Rica is encouraged to look into these risk-mitigating measures. Globex will continue to keep you informed and updated on any further developments.

The Kingdom of Saudi Arabia - Placing Reinsured Business

Placing reinsured business in the Kingdom of Saudi Arabia (KSA) can be complex. Local insurers in this region need to follow strict regulatory norms established by the KSA Insurance regulator, SAMA. Upon review of the reinsurance terms and conditions received from overseas reinsurers, a local carrier will determine whether they can cede a portion of the risk to the overseas reinsurer based on the following:

- Whether the foreign reinsurer is approved by SAMA as an acceptable reinsurer
- Whether the foreign reinsurer is approved internally by the carrier's reinsurance committee
- Whether the terms and conditions fall within the local insurer's risk appetite and underwriting guidelines. If this is the case, it is common that the local carrier will retain a portion of the risk and premium. Variances across insurer's appetites do

exist

If the risk is acceptable, a series of documentation, both for the local insured, as well as the headquarters of the client will be required. The coordination of the paperwork is to be conducted by local licensed brokers and reinsurance intermediaries. Globex is well-versed in how to conduct reinsurance business in the KSA; for any additional information on this topic, please reach out to any Globex member.

South Africa - Know Your Client Documentation

Our readers may recall that Globex Broker Services (GBS), our sister company based out of Chester, NJ, recently included an article in their monthly newsletter that mentioned that the Financial Action Task Force (FATF) had included South Africa in a “grey list” of countries which were "under scrutiny". Our Global Network Department reached out to our network partners in South Africa, to check on how this development could affect any Globex business in this country. In order to better understand the reason for the FATF’s action, Globex conducted some research, and we share this with our readers:

The Financial Action Task Force, also known by its French name, Groupe d'action financière, is an intergovernmental organization founded in 1989, with the goal to combat money laundering worldwide. In 2001, its mandate was expanded to include terrorism financing. One could denote The Financial Action Task Force (FATF) as the global money laundering and terrorist financing watchdog. The FATF recommendations ensure a coordinated global response to prevent organized crime, corruption, and terrorism. In total, more than 200 countries and jurisdictions have committed to implementing the FATF's standards. Countries under review can be separated into what is commonly denoted as the "grey and black lists".

High-Risk Jurisdictions subject to a Call for Action, fall into the "black list". Jurisdictions under Increased Monitoring, that is the "grey list", include countries that are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to swiftly resolving the identified strategic deficiencies within agreed timeframes. South Africa falls within this category.

As far as the placement of local policies in South Africa, Globex was informed that there may be an increased requirement to provide KYC (Know Your Client) documentation, including KYC documentation for all the additional Insureds on the local policy.

In conclusion, apart from the possible increasing requirements for KYC documents, there is no negative impact on multinational programs placed in South Africa. Globex will continue to monitor further developments on this matter.

India - The Evolution of Cross Border Reinsurer Norms

At present, an Indian insurer (cedant) writing non-life business is required to apply to the IRDAI and obtain a file reference number **(FRN)** for placing reinsurance business with a cross-border reinsurer (CBR). This is an online process and an auto-renewal facility is available (limited to three years). The responsibility was imposed on the cedant to ensure that the CBRs, who accept their reinsurance business, comply with the requirements set out by the IRDAI. Under this former guidance, it is understood that the information sheet was required to be physically filed with the IRDAI. Globex is familiar with the process, and our Reinsurer Registration Desk handles the coordination of the process on an annual basis.

Thereafter, the IRDAI's Guidelines on Cross Border Reinsurers have undergone several changes, but the process of reinsurer registration continued to be done in a physically filed format. Globex has been in contact with our network partners on the ground, and we share a link to an online publication that outlines the 2023 amendments. The most poignant change is that the process of obtaining reinsurer registration will be conducted electronically on the IRDAI online portal. The IRDAI may allocate a FRN upon review of the application, and may also seek additional information. Any foreign reinsurer will be categorized as an eligible CBR or a non-eligible CBR. Upon placing reinsurance business with any non-eligible CBR, cedants are required to obtain a Board resolution ratifying such placement and file a certified copy with the IRDAI. In addition, the electronic filing introduces an auto-renewal facility allowing cedants to generate the FRN on their own, which is expected to help minimize the cedant's administration process and improve the efficiency of placing reinsurance business with CBRs.

As the 2023 CBR Guidelines were notified only recently, it remains to be seen how these changes will impact the Indian insurance sector, including whether they will encourage more overseas reinsurers to obtain an FRN and carry on reinsurance business in India. For additional information, please click on **this link**.

- Placed a Marine Cargo multinational program in

17 countries, including a Freedom of Services policy in Europe for one of the largest automobile manufacturing, retailing, and distribution firms in the world.

- Secured a fronting Property policy in Uruguay for a subsidiary of an international wind farm firm.
- Instrumental in the placement of Directors and Officers and Commercial General Liability coverage policies in Barbados and Indonesia respectively, for an international provider of chemical solutions.
- Placed Directors' & Officer's reinsured coverage in India, Mexico, and China for a German-based leading producer and supplier of elevator components.
- Secured a Management Liability reinsured program in Vietnam, Switzerland, South Korea, Japan China, India, and Serbia for a provider of software solutions for the design and manufacture of the next-generation electronic products.
- Assisted in the placement of Management Liability reinsured policies in Nigeria and Malaysia for a French-based airline carrier.

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