



GLOBEX UPDATE PROPERTY & CASUALTY

Events, developments, and opportunities in the international marketplace.

Recent Success Stories

- **Placed local Property Damage & Business Interruption coverage for a manufacturing facility in Nicaragua for a US provider of athletic clothing.**
- **Bound a Defense Base Act Workers Compensation policy for an employment consulting services contract being performed at the US Military Installation at Guantanamo Bay, Cuba.**
- **Placed a Homeowners policy for a \$5,600,000 property in Baker's Bay Golf & Ocean Club, Great Guana Cay, Abaco, Bahamas.**
- **Bound an International Liability Package policy for a General Contractor undertaking hotel and resort renovation work in the Turks & Caicos.**

Global



The latest peer review for large global reinsurers in November 2023 shows that the industry has demonstrated resilience with a consistent strong to very strong capitalization. The assessment indicates that the capital adequacy of all reinsurers in the peer group remained robust as of end-2022. Despite facing challenges such as elevated large losses primarily from natural catastrophes in 2022, reinsurers showcased a remarkable recovery in earnings. Most notably, reinsurers reported a significant rise in net income return on equity, averaging between 18 to 21% for the first nine months of 2023. This rebound can be attributed to factors such as lower natural catastrophe claims, improved pricing, and substantial revenue growth in the property and casualty reinsurance sector. The impact of the Covid-19 pandemic on excess mortality claims diminished substantially, contributing to improved operating margins in life and health reinsurance. Additionally, investment income showed a noteworthy improvement, compensating for markdowns on investments, high inflation, and large losses that led to a decline in profits in 2022. Diversification plays a key role in underpinning the 'Very Strong' company profiles of the top-tier reinsurers, reinforcing their global prominence and robust market positions. Looking ahead, it is expected that prudent reserving standards will persist, with reinsurers maintaining discipline in setting aside additional reserves in response to mounting risks, particularly from higher inflation.

Mexico

Hurricane Otis will be one of the costliest natural catastrophe events in Mexico's history, with a multi-billion-dollar insurance market loss anticipated because of the devastating impacts of the storm. Damage to residential and commercial property in the Acapulco region was significant, with numerous high-value hotels and resorts severely impacted and potentially total losses in some cases. There were at



least 39 fatalities after the hurricane made landfall as a Category 5 storm with 165 mph winds. Insurable loss from hurricane Otis' category 5 winds onslaught in the Acapulco and surrounding region of Mexico is in the range of \$10 billion to as much as \$15 billion. Hurricane Otis was the strongest landfalling storm and the first Category 5 landfall, along Mexico's Pacific Coast in the official record and is expected to become one of the most expensive events (if not highest) on record for the Mexican insurance market. The costliest Mexican hurricane landfall was Wilma in 2005, that is estimated to have caused an \$11.3 billion economic loss. Hurricane Otis could be more expensive once the extensive damage is assessed and the effects of interruption-related costs to businesses and commerce are added.

Vietnam



Vietnam's non-life insurance market will likely resume its growth momentum as global demand recovers and benefits the domestic economy. It is likely to remain an attractive destination of foreign direct investment on account of the government's pro-business stance and its position as an alternative for companies seeking to diversify their supply chain operations away from China. A stable outlook on Vietnam's non-life insurance segment is being maintained, citing premium growth

and regulatory enhancements that strengthen risk management and corporate governance. The government's relaxation of restrictions on foreign investment in Vietnam's insurance industry is seen as a positive, favorable development over the long term with smaller local players leveraging investors' experience and expertise to refine their underwriting capability and business strategies. Vietnam's non-life gross written premiums grew year over year by 1.3% in the first half of 2023 to VND34.9tn (\$1.4bn) despite a slowdown in economic growth. Promulgation of the new Insurance Business Law at the start of 2023 will strengthen the risk management standards of Vietnam's non-life insurers, thus enhancing the attractiveness of the market to foreign investors. At the same time, the cost of compliance will increase for insurers and may become onerous for smaller carriers.

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