

## GLOBAL UPDATE

*Events, developments, and opportunities in the international marketplace*  
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### Malaysia - Service Tax Increase



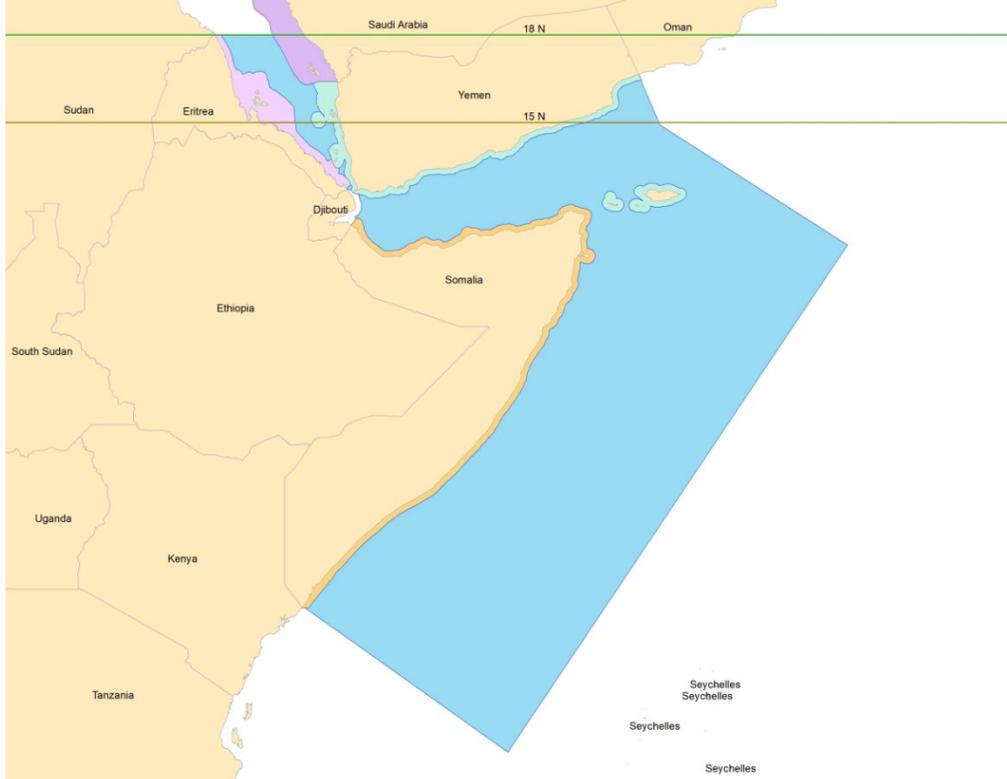
The tax authorities and Insurance Regulator in Malaysia have proposed an increase in the Goods and Service Tax on local policy premiums. This increase will be from 6% to 8%. The hike in rate will be effective from 1 March 2024. This will apply to all policies (new and renewal business) transacted on or after 1 March 2024 with inception/renewal dates on or after 1 March 2024. Globex is closely monitoring this development and will keep our readers posted.

### Red Sea Region & Marine Premium Rates

Recent months have seen increases in rates for Ocean Marine Cargo premiums in the region of the Red Sea. Some insurance carriers have issued NoCs (Notice of Cancellation) for the Gulf of Aden & Southern Red Sea area. The specific region is identified as the following:

- a) On the northwest, by the Red Sea, south of Latitude 18°N
- b) On the northeast, from the Yemen border at 16°38.5'N, 53°6.5'E to high seas point 14°55'N, 53°50'E
- c) On the east, by a line from high seas point 14°55'N, 53°50'E to high seas point 10°48'N, 60°15'E, thence to high seas point 6°45'S, 48°45'E
- d) And on the southwest, by the Somalia border at 1°40'S, 41°34'E to high seas point 6°45'S, 48°45'E excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

Below is a visual map of the region in question:



Some reinsurers are including additional war surcharges on shipped values for all shipments to/from/within the specified region above.

## Honduras - Foreign Currency Update



The Government of Honduras has recently increased the control over foreign exchange transactions in the country. The Central Bank of Honduras (BCH), is responsible for the control and administration of any foreign currency flowing in and out of the country. During the last two years, the BCH has exerted higher control over any foreign currency trading; any purchases or requests to acquire monies in foreign currencies are controlled and allocated on a daily basis by the

Honduran financial market. A maximum daily limit of USD 1.2 million can be petitioned per requesting entity. Any company that requires higher limits of foreign currency must participate in a strict and rigorous auction process to ensure that they are able to meet their third-party liabilities. Such is the case with the remittance of net premiums overseas. Local carriers are not only facing delays in the remittance of reinsurance premiums as the acquisition of USD and other foreign currencies is under stricter control, but in addition, some policy holders are gravitating towards the payment of the policy premium in local currency, despite the local policy being issued in USD. This means that the local insurer has to assume any foreign exchange risks associated with the conversion process. For any additional information on this matter, please reach out to our Premium Accounting unit at [aga-gus@globexintl.com](mailto:aga-gus@globexintl.com).

## Globex Insight - Our Own Proprietary Marine Database

Globex Insight is the brainchild of our Globex Team. Our Marine International experts have been placing Ocean Marine Cargo business for our clients for over 20 years. We understand the complexities of this coverage, the taxes applicable to international transit

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- Placed reinsured Marine Cargo policy in India for a leading provider of automotive engineering and technology solutions.
- Secured a reinsured Management Liability policy in Malaysia for a Malaysia-based gold mining company focused on the exploration and development of gold mines in East Malaysia.
- Assisted in the placement of a fronting Ocean Marine Cargo policy in Mexico for a USA based manufacturer and distributor of foundational technology solutions to semiconductor manufacturing, electronics and packaging, and specialty industrial application.
- Instrumental in the placement of a reinsured Directors' & Officers' policy in Mexico for a leading provider of an array of metal finishing services including anodizing, electroless nickel, chromate, tin zinc and precious metal plating.
- Secured a fronting Marine Cargo policy in the USA for a Spain-based leader in the provision of innovative, integrated and intelligent automation solutions for the global industry.
- Assisted in the placement of a fronting Ocean Marine Cargo policy in the USA for a German-based manufacturer and distributor of drinking bottles with a system that provides scent-flavored water.



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