

Events, developments, and opportunities in the international marketplace.

Recent Success Stories

- Coordinated the issue of local Liability policies in 8 overseas territories as part of a controlled master program for an account won from AON.
- Bound local General & Products Liability policies in China to comply with the requirements of an online platform for electronics manufacturers allowing them sales access to overseas markets.
- Placed a Directors & Officers Liability policy in Canada for a provider of public sector meeting management solutions.
- Bound a Homeowners policy including Windstorm and an Automobile policy in Dominica.

Global



Based on a survey of 50 companies around the world, of which 64% have revenues in excess of \$1 billion, companies are expanding their political risk management capabilities after a year in which nearly a fifth of companies reported having to restate earnings due to geopolitical events. More than two-thirds of firms (69%) reported supply chain disruptions relating to geopolitics. 96% of respondents said they had invested in new political risk management capabilities, including enhancement of corporate processes and creation of cross-functional teams. For 2024, state-sponsored supply chain disruption appears as one of the main business concerns as well as 'grey zone aggression', partly as a result of disruptions in the Red Sea. 'Grey zone' refers to action used to weaken a country by any means short of war. Other findings include: 47% experienced a political risk loss in excess of \$50m; the escalations resulting from the conflict in Gaza have had less of a financial impact than the conflict in Ukraine: 4% reported a material negative financial impact for Gaza vs 20% for Ukraine; and, with the US heading into elections, 64% reported concern about political risk in North America – the same proportion as reported concern about political risk in Asia.

Brazil

With losses due to floods in Rio Grande do Sul, Brazil, estimated at BRL7.5 billion (USD1.45 billion), the impact on most reinsurers will be contained as they retain smaller exposures and have exited volatile business lines. Heavy rains started in Rio Grande do Sul, Brazil's fifth-largest economic state, on April 28, and amounted to 400 millimeters (almost 16 inches) in just the first five days of May. The ensuing floods reportedly caused major dislocations in the state, taking the lives of around 100 people and displacing more than 200,000. As of May 9, public sector losses were BRL 2 billion and BRL 1.1



billion were private sector losses, with the bulk of the losses - BRL 4.4 billion - in personal property damages. Total damages won't be known until the waters subside, as companies are still evaluating the impact of the flood. Agribusiness is of high importance for the Brazilian economy, and Rio Grande do Sul is an agricultural center that supplies approximately 60% of the country's rice, but insurance and reinsurance companies have learned from experience to cope with climate-related events by retaining a smaller share of exposures and developing more accurate probable maximum loss models.

Germany



Europe's inland waterways are braced for chaos following flooding in southern Germany, which has already made its mark on the region's rail freight sector causing a reported "70% failure rate". Persistent heavy rain in southern Germany has led to extreme flooding across the region, with five confirmed casualties, and has forced the level of the River Danube to double from its usual level of around three meters to more than six meters. Rail lines in the region have been badly affected, with Munich being inaccessible to long-distance trains from Stuttgart, Würzburg and Nuremberg. This has led to cancellations and delays on corresponding routes, including Munich to Berlin and between Stuttgart and Frankfurt. A group representing 100 private, regional and international companies that handle 60% of rail freight traffic in Germany, said the situation had been extremely difficult for its members with the route to and from Munich reported as a particular problem for several companies. Along the Rhine, water levels have exceeded 8.25 meters, with the city of Worms at its highest level for more than a decade. Blockages are already in force and such has been the amount of rainfall, expectations are that the disruption will persist for a while.

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