

GLOBAL UPDATE

Events, developments, and opportunities in the international marketplace

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Indonesia - Claims Made Trigger from 2025



Since January 1, 2025, the Indonesian authorities have mandated that all casualty policies be placed on a "claims-made " basis. Multinational programs that will be renewed in 2025 must have the trigger adjusted to a claims-made basis instead of an occurrence-based one. New policies will automatically be placed using the claims-made trigger.

The change applies to all casualty lines of

business: commercial general liability, management liability, professional indemnity, cyber liability, and any long-tail business.

India - Collateral Requirements for Cross Border Reinsurers: A Complex Balance

“Cross Border Reinsurers” (CBRs) is the term commonly used in the Indian insurance market when referring to overseas reinsurers, who do not have any physical presence in India but carry on reinsurance business with local Indian insurers. The regulatory landscape governing Cross Border Reinsurers (CBRs) in India has introduced a critical safeguard—the requirement for CBRs to provide collateral in the form of Letters of Credit (LoCs) or premium withheld arrangements.

The collateral requirement for CBRs serves a dual purpose:

- Ensuring the financial security of Indian cedants
- Safeguarding their exposure to potential payment defaults by CBRs

This collateral must fully cover outstanding claims liabilities, which represent known claims yet to be settled, AND Incurred but Not Reported (IBNR) reserves, which account for claims that have occurred but have not yet been reported.

This dual coverage seeks to mitigate risks associated with the financial solvency of CBRs and provides Indian cedants with a reliable recourse in the event of default. The requirement for LoCs to fully cover the aggregate of liabilities and reserves introduces notable challenges:

IBNR Estimation: IBNR reserves are actuarially determined and subject to fluctuations based on loss development patterns. This variability makes it difficult for CBRs to provide accurate and timely collateral.

Over-Collateralization: The mandate to cover both outstanding claims and IBNR reserves can lead to over-collateralization, tying up significant capital and resources for CBRs.

Indian cedants may choose to withhold premiums as an alternative to LoCs. While this approach offers security, it poses its own set of challenges: Withheld premiums limit CBRs' ability to deploy funds for other business activities, potentially affecting their operational efficiency. Cedants assume the responsibility of managing withheld premiums, which entails additional administrative effort and investment risk. The landscape regarding the collateral discussion is fluid and presents complexities. Globex will continue to monitor developments in the Indian market and keep our Readers posted.



Mexico - Reinsurance 101: Reinsurer Signature



Placing multinational programs in Mexico can pose various challenges due to the complexities of the process involved. The Mexican insurance authorities, denoted as the Comision Nacional de Seguros y Finanzas (CNSF), will not allow local carriers to issue policies without the complete KYC (Know Your Client) local insured documentation under Artículo 492. Equally essential is the reinsurance file of any multinational program. Reinsurance

slips must be stamped by the foreign registered reinsurer, signed using a wet signature, and dated with a date before or on the policy inception date. No electronic signatures are permissible. In addition to the signature from the overseas officer, the signature should clearly denote the title/ position of the signatory. Failure to provide all these requirements will delay the process and make the slips null and void. For any questions on this topic, please reach out to Globex.

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- Secured a fronted Management Liability policy in the Philippines for an Australian-based technology distributor that specializes in providing IT hardware, software, cloud, and IoT solutions to reseller partners.
- Assisted in the placement of fronting Pollution/Environmental Liability policies in the United Arab Emirates, Kuwait, Oman and Qatar, for a holding company that, through its subsidiaries, provides engineering maintenance and industrial cleaning services, primarily to the Oil & Gas, Refining, Petrochemical, Minerals Processing, Fertilizer and Geothermal sectors.
- Instrumental in placing a multinational Professional Indemnity program in



India, the USA, France, and Qatar for a Canadian technology company that develops and provides unified physical security solutions, including video surveillance, access control, and license plate recognition, for businesses and governments worldwide.

- Secured a reinsured Marine Cargo policy in China, a leading global supplier of systems and components for sealing and fluid handling solutions, serving diverse transportation and industrial markets, with a focus on innovative and sustainable engineered solutions.
- Assisted in the placement of a reinsured Professional Indemnity policy in Canada for a private Spanish engineering and technology group founded in 1956. It specializes in engineering and construction, has a presence on five continents, and has interests in energy, environment, and aeronautical companies.

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