

GLOBAL UPDATE

Events, developments, and opportunities in the international marketplace

Volumes 329 & 330, 2025

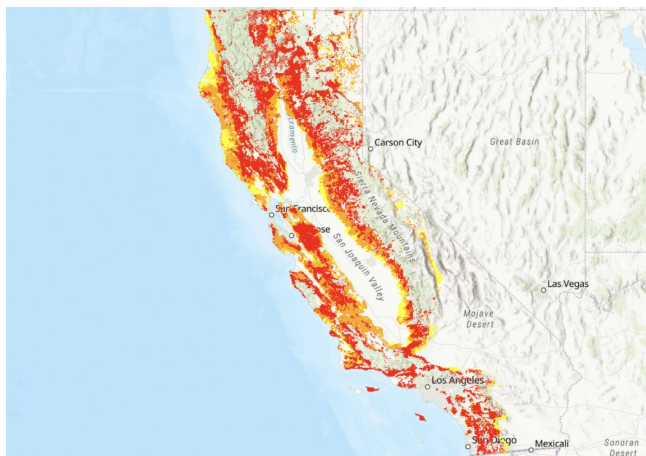
Visit us at www.globexintl.com

USA - California Wildfires

The California wildfires have caused billions of dollars of losses to property and infrastructure. A cocktail of extreme weather events turns California's wildfires into a deadly urban conflagration. Fires don't usually blaze at this time of year, but specific ingredients came together to defy the calendar quickly and violently.

Fires have spread faster since recent years; the big culprit is a warming climate, making it easier to burn fuels when conditions are just right. To add fuel to the fire (no pun intended!), high winds brought by jet streams have fanned the flames. It's really the perfect alignment of everything in the atmosphere to give you this pattern and strong wind.

The ongoing wildfires in California will be the costliest disaster in US history. Initial total damage and economic loss estimates from the fires are between \$250 billion (€245.10bn) and \$275 billion (€269.58bn).



Can the present California wildfires lead to an insurance crisis in the state?

California's so-called insurance crisis has been brewing for several years now. The 2018 Camp Fire resulted in significant losses for insurance companies that had issued Californian fire insurance policies that year. Since then, several key US insurance companies have declined to offer property coverage in California or renew existing policies. That was mainly due to an escalating risk of catastrophe exposure and the rise in inflation. In several cases, insurers could not raise premiums by as much as needed to cover the increased risk, leading to their reluctance to offer new policies or continue with existing ones.

Most insured losses will affect homeowners' lines of business, with primary insurers poised to assume a greater share of the loss than reinsurers. However, ultimate insured losses will depend largely on the coverage secured by homeowners, many of whom own high-value real estate, and the level of protection obtained by business owners. A demand surge and ongoing inflationary pressures may also increase insurance-claim-related costs.

The wildfire losses in the first two weeks of 2025 could rapidly deplete the catastrophe budgets of US primary insurers. This early strain may lead to earnings pressure later in

the year, especially if 2025 proves to be above average for catastrophes. Primary insurers can “bear the brunt” of the LA wildfire losses after strong results last year and a “material reduction” in policy coverage for wildfire-prone areas of California.

The financial loss from these fires will not be restricted to US companies and properties. Major European reinsurance companies are also likely to be hit with significant losses as the number of claims increases. While the financial sums of these losses may seem like a lot, they are expected to fall within the significant loss budgets set aside by global reinsurers.

Although it is too early to fully assess the extent of the impact, given that the fires need to be fully contained, most insured losses are expected to be absorbed by primary insurers and junior reinsurance layers and are unlikely to significantly affect the cat bond market.

India - Property Tariffs



As our readers know, property rates in India are subject to local tariff rating. This can often present an issue for overseas reinsurers when pricing local policies that are part of a Centrally Controlled Master Program (CCMP). In April of 2024, the local Indian market experienced some “de-tariffing” on property rates, which led to some reduction in prices; this was just temporary, as it turns out

that this model was not sustainable in the long term.

In view of this, below are some changes regarding local property tariffs:

- For risks with a Total Sum Insured (TSI) of INR 500,000,000 (approx. USD 5.68 Million) or above; local Indian carriers will apply a rate consisting of charging minimum Fire risk rates, + NAT CAT rates (Act of God perils) + Terrorism (if client requests this) as per the local Terrorism Pool market terms.
- For risks with a Total Sum Insured (TSI) between INR 50,000,000 (approx. USD 568,705) to INR 500,000,000 (approx. USD 5.68 Million); local Indian carriers will apply a rate consisting of charging minimum Fire risk rates, + NAT CAT rates (Act of God perils) + Terrorism (if client requests this) as per the local Terrorism Pool market terms. Until January 1, 2025, all Insurers followed “free pricing” in this segment.
- Risks with Loss ratios >100% will need to be referred to the State Reinsurer, GIC Re, for review and rate confirmations.

We remind our readers that this is not a mandate decided by the Indian Regulator Authorities (IRDAI) but more of a market practice in which the local Indian carriers will line up with the underwriting guidelines of their Reinsurers.

Insurers are free to price a particular risk as per their own underwriting guidelines and risk appetite, provided they have adequate and suitably rated reinsurance support for such risks.

The above tariff news may affect some renewal accounts; some minor corrections to the quotes may have been already released on earlier dates, that is, any period before January 1, 2025. Globex will continue to monitor these developments in the Indian property rates.

Globex Insight

Your international insurance intelligence database



Experience
Expertise
Execution

Globex Insight is an online platform to provide practical and easy to understand Information and Intelligence on global insurance markets, including Laws and Regulations, Country Nuances, Taxes and Fees, Market Practice, Accounting Requirements, etc. per line of coverage and on an annual subscription basis.

The first line of coverage – **MARINE** is now available! More lines, including but not limited to Property, General Liability, Management Liability are coming soon.

Please visit www.globexinsight.net for a trial subscription to experience Globex Insight.

Globex Underwriting Services
a division of Globex International Group

France - Proposed Changes in Property Tax Rates

The French regulatory authorities are contemplating whether to increase certain tax rates on insurance premiums related to property coverage.

Among these proposals are the following:

- A proposal to increase the Fire IPT (insurance premium tax) from 7% to 12%

As a reminder, note that Fire insurance in France is typically subject to one of two different IPT rates:

- A 30% tax for insurance of fire risks for a private property.
- A 7% tax for insurance of fire risks for commercial property (some insured activities are excluded).

Business interruption coverage caused by a fire incident will also be taxed 12%.

The effective date for the tax changes is July 1, 2025. Globex will continue to monitor these developments and keep our Readers updated.



- Placed a Central Contolled Master Program for Ocean Marine Cargo for a manufacturer and distributor of party products in China, Malaysia, India, South Korea, and Brazil.

- Secured fronted Commercial General Liability policies in the Netherlands, Germany, UK, and Italy for a European company that designs, manufactures, and installs industrial boilers, burners, and water treatment systems.
- Instrumental in placing Marine Cargo reinsured policies in China, the UK, and the USA for a German-based chemical company that sells specialty chemicals and minerals to industrial customers.
- Assisted in placing a reinsured Management Liability policy in Japan for Europe's leading internet services company.
- Secured a reinsured Package policy in the UK for a Canadian-based company that provides airline support services, including aircraft deicing, and one that is focused on environmental innovation.
- Placed a fronting Commercial General Liability policy in Thailand for an Australian company that provides fertility services and assisted reproductive technologies. They also conduct medical research and development.



Globex Underwriting Services | a division of Globex International Group
Tel: 1-203-256-1475
Globex@globexintl.com | 2490 Black Rock Turnpike #411, Fairfield, CT 06825, USA

Globex International Group | 2490 Black Rock Turnpike #411 | Fairfield, CT 06825 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!