



INTERNATIONAL MONITOR

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In This Issue

IILA 2021 Midterm Meeting	1
President's Message	2
2019 IILA Annual General Meeting Cancelled	3
Coronavirus Update	3
COVID-19 Financial Impact	3
Lloyd's Market Report	4
North American Market Report	4
Latin America Market Report	4
European & Asia Market Report	5
Bermuda Market Report	6
Global Economy Outlook	6
Reinsurance Market Update	6
IILA Officers To Continue In Office Until 2021	7
IILA Welcome David M. Doss	7
About Our President	7

IILA 2021 MIDTERM MEETING



IILA World Headquarters Ottawa, Canada

Email: info@iila.com

Our members are represented in these countries

Argentina	Italy	Spain
Australia	Japan	Thailand
Austria	Kenya	Turkey
Barbados	Lebanon	United Arab Emirates
Bolivia	Mexico	United Kingdom
Brazil	Netherlands	United States
Canada	New Zealand	
Chile	Nigeria	
Colombia	Paraguay	Uruguay
Ecuador	Peru	Uzbekistan
Hong Kong	Russia	
India	Singapore	

The Institute's 2021 Midyear Meeting is to be held on Thursday May 6, 2021 in conjunction with the USA based National Association of Independent Insurance Adjusters Annual Conference, being held at the Westin Hotel in Hilton Head South Carolina, USA.

The facility is first rate and located in the low country region of South Carolina along the Atlantic seaboard.

The National Association of Independent Insurance Adjusters Annual Conference will be running from May 3rd through May 6, 2021 and will feature many leading industry speakers and educational programs. Additional information concerning this meeting will be forthcoming as the meeting date draws nearer.



PRESIDENT'S MESSAGE

Mr. Daniel Paz



To my IILA Colleagues, I want to start by wishing that you and your families are all safe and in good health.

It is hard to believe how much and how dramatically the world has changed since our last Annual General Meeting. In a blink of an eye, a virus that started on the other side of the world has become a deadly pandemic with tragic consequences worldwide. In a heartbeat, our lifestyles changed, our streets emptied, our doors closed and we went from business as usual to different ways of conducting our professional work to protect our lives and that of our families and the lives of our associates as well.

I would like to pay tribute to the men and women of our companies, our inspectors and surveyors in the field, secretaries, and administrative personnel who are keeping our tasks as loss adjusters active despite

the environmental conditions that exist. Natural disasters as well as manmade perils have continued despite the pandemic which have provided additional challenges in the life of the loss adjuster.

Every single one of us has a role to play during these tenuous times. We need to continue to deliver excellence in the loss adjustment field providing our clients and insuring public with the service and expertise that is needed.

While our meetings have been suspended until 2021, the current slate of officers will continue in their respective roles until the 2021 Annual General Meeting which will be held in San Antonio, Texas USA.

While we will not be meeting

this year it is incumbent that we continue to grow our organization. I ask one and all to encourage your like minded industry colleagues to join the Institute, so that our organization can continue to be relevant in the global claims environment.

As President, I will continue to move forward and support policies that unite us more and more and demonstrate to the industry that the loss adjustment profession remains a key lynchpin in the global claims process.

Best regards,

Daniel Paz,
President



**International
Institute of
Loss Adjusters**

2021 IILA Annual General Meeting

The 2021 IILA Annual General Meeting is slated to be held on October 24th through October 30, 2021 at the Hotel Contessa which is located in the River Walk section of San Antonio.

The Conference and Program Chair will be past IILA President Johnny Michael, who promises a first class cultural and educational program for all attendees and industry guests.



San Antonio River Walk

2021 IILA Preconference Tour

Ahead of the Institute's Annual General Meeting, a preconference tour is being planned to be held in New Orleans, Louisiana, USA from Thursday October 21st through Sunday October 24, 2021.

Arrangements are currently being made by Pre-Conference Chair Johnny Michalek which will feature a first class cultural and culinary tour of one of the more famous Southern

cities in the United States.

Keep an eye on further updates as we get nearer to this event.



New Orleans French Quarter

Coronavirus Update

The World Health Organization (WHO) has advised that the Corona Virus Pandemic has found fresh legs across the world and has confirmed deaths passing 600,000. They reported a total of 259,848 new infections on July 18th, its highest one day total yet.

Although the US leads global infections, South Africa now ranks as the fifth worst hit country in the Pandemic with more than 350,000 cases

or about half of those confirmed on the African continent.

India has now confirmed more than 1,000,000 infections in its population. In Europe, where infections are below their peak, new outbreaks are causing concern. Leaders of the twenty seven nation European Union are in discussions

over a proposed 2.1 trillion Euro budget and Corona Virus recovery fund.

Recently, media outlets are reporting that a number of pharmaceutical firms are seeing positive results in their efforts to create a vaccine for the virus. Dr. Anthony S. Fauci, the Director of the US based National Institute of Allergy & Infectious Diseases reports that there is a very good chance that a vaccine for the virus can be had by year end.

COVID-19 Industry Update

COVID-19 is like a hurricane that does not pass, a wildfire with no boundaries and a cyber-attack that shuts down commerce all at once, crossing the globe, hitting life, health, property, casualty and the reinsurance sectors.

It is hard to quantify the full financial impact COVID-19 will have on the industry, but one thing is certain namely, the pandemic is on track to become one of the largest events in insurance history.

As of early May, the pandemic has touched 215 countries, taken more than a quarter of a million lives and has caused a global recession.

Insurers anticipate the worst and reassess after each significant event, learning from their experiences.

The industry added virus exclusions in response to the 2003 SARS Outbreak and they adjusted financial strategies after the 2008-2009 Financial Crisis.

The industry may have not prepared specifically for a global pandemic, but their past actions have left them well positioned to absorb the covered losses even in an economic downturn.

The contingency market seems to be bearing the brunt of the insured losses with the cancellation of large sporting events such as the Wimbledon Tennis Championships and the 2020 Olympic Games.

In the United States, the reinsurance market renewals are showing double digit increases particularly in the property, liability and excess liability areas.

As a result of these increases, agent and brokers are advising their clients that their policies will be costing more upon their renewals.

COVID-19 & Business Interruption Coverage

Business interruption coverage is typically triggered by events that caused direct physical loss or damage to insured covered property. Typical events where a coverage trigger would be the perils of fire, water damage, and natural catastrophe events such as windstorms and hurricanes.

The vast majority of property insurance policies insuring business interruption specifically exclude losses caused by a virus or other airborne transmitted microorganisms.

In some jurisdictions such as the United States, the COVID-19 event has created a huge amount of political pressure to support businesses who were forced to close their doors, lay off employees and in many cases file for bankruptcy protection.

Attempts have been made in some state legislatures to retroactively create coverage under business income policies to cover the economic losses arising out of the COVID-19 Pandemic.

The proposed legislation has met with fierce resistance from the insurance industry as well as being challenged by the industry as being unconstitutional.

The rating agency, AM Best has opined, that in the event the policy exclusions relating to COVID-19 are nullified, they would expect to see a large number of insurer insolvencies worldwide.

So far the industry efforts in responding to the proposed legislation have been successful in educating lawmakers and the insuring public that such legislation would be detrimental to one and all.

Lloyd's Market Report

The Chief Executive of Lloyd's, John Neal has stated that the losses arising out of the Corona Virus will be the largest in that entity's existence since the 9/11 event in 2001.

It is expected that the Corona Virus related claims to cost between 3 billion to 4.3 billion US Dollars. The losses could rise further if the current lockdown continues into another quarter. Lloyd's said its payout on Corona Virus claims would also equal the combined impact of Hurricanes Harvey, Irma and Maria in 2017. These three hurricanes brought devastation to the Caribbean basin and parts of the United States, in what is reckoned to be the costliest year for storms on record.

Chief Executive, John Neal advised the BBC that to date, Lloyd's

members have paid between one billion to 1.4 billion US Dollars for business interruption claims because of the virus, despite the fact that the vast majority of businesses do not have coverage for this type of event.

Nearly a third of the insurance losses are expected to come from the cancellation or postponement of major sporting events around the world, including the Tokyo Olympics which are now due to take place in 2021.

Lloyd's total payouts from the 9/11 attacks were 4.7 billion US Dollars while the 2017 hurricanes led to combined payouts of 4.8 billion US Dollars.

In addition to the underwriting losses, Lloyd's is expecting a drop in its investment portfolios due to the virus' related financial impact on the world's economy.

Earlier this month Lloyd's announced that is offering "safe delivery" coverage for the delivery of the anticipated COVID-19 vaccine which researchers are forecasting might be available by year's end.

The syndicate 1796 is backed from capital by Parsyl, Ascot and AXA/ XL in company with Lloyd's broker McGill & Partners.

North American Market Report

United States based property and casualty insurers underwriting results in the first quarter were similar to that of the first quarter in 2019. A majority of the property and casualty insurers reported improved accident-year combined loss ratios but in many cases, did not benefit as much from favorable prior-year reserve development, leading to an uptick in calendar year combined ratios.

In addition, some analysts are expecting higher loss ratios due to in part from the rioting/civil commotion/looting events which followed the Black Lives Matter protests which occurred in many urban cities following the death of George Floyd, while in the custody of the Minneapolis - St. Paul Police Department in Minnesota.

Market watchers are predicting a hardening market for directors and officers liability insurance with rates increasing for nearly all major lines of business except for workers compensation insurance. Through the second quarter of 2020, the insurance market has seen eleven consecutive quarters of rate increases. Buyers are also experiencing higher deductibles and reduced limits according to industry experts.

The Corona Virus has substantially impacted the retail, commercial real estate, hotel and travel industry which has led to many a bankruptcy due to the associated COVID 19 quarantines that have been put in place by the various governmental agencies.

With the resurgence of the CORONA Virus in various areas of the United States, the financial impact will not be known until the third quarter of 2020.

Latin America Market Report

The Corona Virus Pandemic has found fresh legs around the world including Latin America. The number of deaths from the Corona Virus in Latin America has exceeded the figure for North America for the first time since the start of the Pandemic as reported by Reuters.

The regions two most populated countries Brazil and Mexico along with Peru are among the ten nations with the highest number of deaths globally while Chile, Columbia and Ecuador have also suffered more than 5,000 deaths.

The Corona Virus is also being blamed for the bankruptcy filings for the following airlines; Aero Mexico, Avianca, and Latam Airlines.

The regions governmental authorities are implementing stricter social distancing measures

and testing procedures in order to stem the spread of the virus in its urban areas. Hopefully these measures will be successfully implemented to beat back this dread disease.

European & Asia Market Report

Similar to its North American counterparts, agents and brokers are encountering a hardening market for all types of property and liability coverages.

All eyes are on the FCA Business Interruption Test Case in the United Kingdom which pits Arch Insurance and certain interested insurers against its policy holders concerning COVID-19 related losses.

Further the United Kingdom and the European Union are continuing their talks/negotiations concerning the Brexit terms which need to be in place by year end.

The leaders of the European Union have reached a historical spending plan totaling 1.8 trillion Euros to assist its member countries economies which have been battered by the COVID-19 Pandemic.

Similar conditions regarding rising renewal rates are being seen in the Middle East, India, Australia, New Zealand as well as Asia. Recent developments in Hong Kong by the Beijing government has led to

some uncertainty and volatility in the financial markets with some firms looking at moving operations to Singapore or Taiwan. Further, meteorologists are forecasting an active typhoon season in the Pacific Basin for 2020.

The resurgence of the Corona Virus in China, Japan and India are leading to the reinstatement of quarantines to limit the spread of the virus amongst the population.

How big a financial impact the COVID-19 Pandemic will have on the region's economy and its insurers remains to be seen.

Bermuda Market Report

The Bermuda Market will continue to be a reinsurance center which has been gravitating more and more to a hub for insuring natural catastrophe risks.

Over the last three decades, Bermuda has been the venue for offering natural catastrophe insurance both on a treaty and facultative basis. This market is home to such reinsurers as Renaissance Re, Partner Re, Arch Capital, Everest Re, Aspen Insurance and Allied World to name a few.

Arch Capital and Everest Re are two Bermuda based firms which insurance analysts believe are poised to out perform their peers in

the 2020 second quarter, when their results are to be released later in the month.

Global Economy Outlook

The unexpected spread of the COVID-19 virus has driven most advanced economies to purposely shutdown in order to “flatten the curve” and to save human lives. Now many economies are beginning to reopen as quarantines and social distancing measures have led to a reduced burden on regional healthcare systems. However, a great deal of uncertainty remains with many advanced economies wondering what the way forward looks like.

The outlook for the remainder of 2020 is uncertain, due to the premise that a vaccine will eventually be developed and made available globally. Absent a vaccine, a full recovery will likely take time and past peak GDP levels may not be reached for one to two years from now.

Actions by many countries central banks along with fiscal initiatives by governments have softened the COVID-19 declines with some economists calling for a “V” recovery with some economists calling for a “lazy-V” recovery with others seeing a “W” recovery.

The economic recovery will vary by region and will be tied directly to the implementation of governmental protocols in combating the virus.

Reinsurance Market Update

The COVID-19 Pandemic is having an adverse effect on some of the world's largest reinsurers.

Swiss Re has reported a net loss of approximately 1.1 Billion US Dollars in the first half, driven by claims related to the Corona Virus Pandemic. It is reporting that claims and reserves totaled 2.5 Billion in the first six months which includes \$476,000,000.00 of losses booked in the first quarter, mostly from contingency claims for cancelled events.

Lloyds has estimated that the insurance industry will suffer about 203 Billion US Dollars in covered losses this year with about 107 Billion coming from underwriting claims and the rest from insurers investment portfolios.

Another major reinsurer, Munich Re has reported COVID-19 related losses of approximately 700 Million Euros, here again the result of contingency contracts where major events were cancelled.

IILA Officers To Continue In Office Until 2021

Due to the COVID-19 Pandemic, the Institute's 2020 Midyear meeting and 2020 Annual General Meeting have been cancelled due to the uncertainty relative to the lifting of governmental sanctions for large meetings as well as problems with international as well as domestic air travel.

The IILA Board of Directors will continue in office until the 2021 Annual General Meeting which will be held in the fall of 2021 in San Antonio, Texas, USA.

IILA Welcomes David M. Doss

It is with extreme pleasure that the Institute welcomes its newest member David M. Doss of Doss & Associates, Inc of Watertown South Dakota USA.

Mr. Doss and his firm specializes in First Party Property Loss & Heavy Equipment claims as well as being a Third Party Administrator for domestic and international insurers.

Prior to establishing his own firm in 2001, Mr. Doss was associated with the International Loss Adjusting firm, Crawford & Company.

About Our President

Our President, Daniel Paz comes from a Naval background where he served the Uruguayan Navy from 1969 through 1991 as an engineering officer retiring with the rank of Commander. During his tenure with the Uruguayan Navy, he had the opportunity to work part time as a consultant and loss adjuster for the Liverpool, London & Globe Insurance Company which had offices in Uruguay since the 19th century.

Upon his retirement from the Uruguayan Navy, he joined the Marine Surveyors Group, his country's leading Marine Surveying and Loss Adjustment company, where he is now the managing general partner of that concern. Daniel has performed Marine Surveys and loss adjustments for interested domestic and international insurers for over 30 years.

He is a happily married man and the father of four grown children and he resides in Montevideo Uruguay.

Treasurer's Note

Our Treasurer, Michael Nardulli would like to remind one and all that dues are now past due.

A round of dunning notices have recently been sent out to the members who have not yet responded to the earlier notices.

Please check your records and if you have no record of a payment, please contact Michael Nardulli at;

michael.nardulli@mclarens.com or call 1-001-631-318-4476

To make the necessary arrangements to settle your account.

Editorial Note

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