



INTERNATIONAL MONITOR

A publication of the
International Institute of
Loss Adjusters
www.iila.com

March 2024

In This Issue

2023 IILA AGM Report	1
President’s Message	2
2023 IILA Preconference Tour Report	3
IILA 2024 Mid-Year Meeting	3
IILA Welcomes New Member	3
Global Economic Outlook	4
North American Hurricane Season Report	5
2023 Pacific Typhoon Season Report	5
Cyber Security Trends	5
Ocean Marine Update Report	6
North American Market Report	6
Bermuda Market Report	7
Lloyd’s/London Market Report	7
Latin American Market Report	8
Asia-Pacific Market Report	8
2023 Rugby World Cup Results	9
2024 Summer Olympic Games	9
Treasurer’s Note	10
Editorial Note	10

2023 IILA Annual General Meeting Report



The 2023 IILA Annual General Meeting was held in Madrid Spain commencing on October 1st through October 7th.

The Conference and Program Chair was IILA Past President, Daniel Paz, who put forth a first class cultural and educational program for all attendees and industry quests.

The gathering included historical and cultural tours of the cities of Madrid and Toledo along with excursions to both Segovia and Cuenca. The meeting featured the election of new officers and the instillation of Emery Kokavci as the incoming IILA President.



The event cumulated with the annual banquet which featured a Flamenco Dance Troupe whose exhilarating performance was appreciated by one and all.

IILA World Headquarters

Ottawa, Canada

Email: info@iila.com

Our members are represented in these countries

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



PRESIDENT'S MESSAGE

Mr. Emre Kokavci



To My Fellow Members,

I trust all is well with you and your families as we begin this new year.

As many of my fellow colleagues know, I have been a member of the Institute for the past ten years as well as being a Board Member for the past four years. Needless to say, I am very honored to take on the role as President of the International Institute of Loss Adjusters (IILA) (which was founded in 1965 and where more than 38 countries are represented). I would like to thank my family, friends and board members for their support during my upcoming term in office.

The IILA is a very large and warm family. Participating in the Institute's annual meetings, provides profound industry insight, professional business connections, along with opportunities that solidify our friendships beyond global boundaries. During my presidency, I am looking to

increase the business potential among our existing members in an interactive manner with our board, regional vice presidents and all of our members and to increase membership in the Institute.

This past year the Institute had a very successful Annual General Meeting which was held in Madrid Spain. The program put on by Past President Daniel Paz was simply spectacular. Going forward, the IILA's Mid-Year Meeting will be held in San Antonio Texas on Friday May 10, 2024 and will be held at the Hyatt Regency Hotel which is located in that city's famed Riverwalk District. The IILA's Preconference and Annual General Meeting will be held in Turkiye and Greece. The first leg will be held in Istanbul Turkiye which will be followed with the AGM program in Greece. More information for the 2024 Annual General Meeting will be forthcoming to the membership shortly.

I would be remiss in not extending my thanks to Michael Nardulli and Tom Erhardt for their encouragement and guidance in my joining the Institute and being part of the Board of Directors.

If you would like to participate in a more active role with the Institute, please feel free to contact me directly or any of the Institute's officers and or regional vice presidents as to what committees you wish to be a participant.

In closing, I look forward to being your Ambassador in leading our Institute forward.

Very truly yours,

Emre Kokavci ,
President



International
Institute of
Loss Adjusters



Bilbao, Spain

2023 IILA Pre-Conference Tour Report

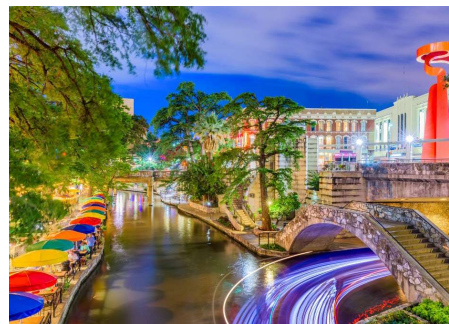
Ahead of the Institute's Annual General Meeting, a pre-conference tour was held in Northern Spain from September 27th through September 30, 2023 by IILA Conference Chair Daniel Paz.

The pre-conference tour began in the Basque Country in the City of Bilbao, an internationally recognized urban center for its avant-garde architecture. Furthermore, visits were to the cities of San Sebastian and Santander.

The Pre-Conference tour featured first-class cultural and culinary tours in this most historic region of Spain and was thoroughly enjoyed by all attendees.

IILA 2024 Mid-Year Meeting

The 2024 IILA Mid-Year Meeting is being held on Friday May 10, 2024 in conjunction with the USA based National Association of Independent Insurance Adjusters Conference in San Antonio, Texas, USA.



River Walk, San Antonio

The meeting will be held at the Hyatt Regency Hotel which is located in that City's famed River Walk District. The Mid-Year Meeting will provide the membership with the salient details of the IILA's Pre-Conference and Annual General Meeting which will be held in Turkey & Greece in

October. More information will be forthcoming to the membership for the Mid-Year Meeting shortly.

IILA Welcomes New Members

The Institute wishes to welcome its newest Full Member namely, Margaret A. (Peggy) Reilly, Vice President of the New York and New Jersey USA based independent adjustment firm, Edward R. Reilly & Company, Inc.

Prior to joining the Edward R. Reilly & Company firm, Peggy started her career in the banking and textile businesses before joining the family firm at the invitation of her father-in-law Edward R. Reilly, Jr. (Past President) of the Institute.

Peggy's areas of expertise is the handling of commercial and industrial fire and theft, fine arts and fidelity losses. She is the past President of the New York Association of Independent Adjusters, Inc., an Associate Member of the National Association of Independent Insurance Adjusters along with being an Associate Member & Director of the Loss Executives Association.

Peggy and her husband are proud parents of two adult children (one of which is associated with the firm) and reside in Tenafly, New Jersey, USA.

Global Economic Outlook

Economists and central bankers for the G-20 countries see seven themes for 2024. Namely, soft growth, falling inflation, lower interest rates, bond market rallies, structural weakness in China, AI enthusiasm and elections in focus.

Economic growth is likely to be weaker than the consensus expects this year. In most countries this is due to the continued pass-through of tighter monetary policy to the real economy (the lengthening of debt maturities means that the pain of higher interest rates is being spread over a longer period). In some Emerging Markets (EM) this will be exacerbated by the unwinding of the positive shocks that boosted growth in 2023, which included a bumper harvest in Brazil and a capex boom in India.

The Euro-Zone and the UK will continue to underperform the United States.

This is partly because of Europe's economy contending with greater headwinds over the past year namely due to higher energy prices and a global manufacturing downturn.

The US fiscal policies have been more supportive than in Europe and is unlikely to tighten in an election year. In contrast, many European governments will have to tighten fiscal policy in order to meet EU budget rules.

All of this means that the Euro-Zone and the UK are likely to experience mild recessions in 2024, whereas there is only a 50/50 probability of a recession in the US. One implication is that 2024 is likely to be another year in which the dollar stays stronger than most analysts appear to expect.

Inflation cycles are still being driven heavily by pandemic/related supply distortions. Economists think that the US inflation will ultimately slow more quickly than the Federal Reserve officials expect. Inflation is also expected to drop across the Euro-Zone, the UK and other major markets.

China's economy will face headwinds that are building in their financial and real estate markets. Demographics are also deteriorating faster than many had anticipated.

This means that any cyclical recovery will quickly hit a ceiling of lower potential growth. Some economists are expecting China's GDP to return to a weaker track in later this year and in 2025 and beyond.

The Artificial Intelligence (AI) enthusiasm will continue to build worldwide as seen by many economists. However, it will take several years for infrastructure and processes to adapt to this new technology. This enthusiasm has amplified equity prices in the US stock market in 2023 and early 2024.

Lastly, 2024 is being billed as the biggest year for elections in history, with voters from Indonesia to India to the US and probably the UK, going to the polls.

While elections dominate news cycles and are sources of potential short term volatility in financial markets, their ability to have sustained influence over the trajectory of economies tends to be overstated, but not least because the affect of most policy shifts is uncertain and often overwhelmed by other factors outside the control of government.

These themes bear watching during the course of this year.

2023 Atlantic Hurricane Season Report

It might surprise you to learn that the 2023 Atlantic Hurricane Season was one of the busiest on record, ranking fourth for most named storms in a year since 1950. Did the headlines of destruction, somehow escape you? Actually, most of the twenty named storms, including seven hurricanes, didn't even make landfall and instead veered back into the Atlantic Ocean.

In fact, only three Atlantic Storms made landfall in the US and Canada, namely Hurricane Idalia, Hurricane Lee, and Tropical Storm Ophelia.

Hurricane Idalia was briefly a category four storm before making landfall as a category three in the Big Bend region of northern Florida in late August. It marked the most powerful hurricane to hit that region since 1896 with the winds and flood waters damaging many homes, businesses and infrastructure. The storm is estimated to have caused 2.225 Billion in insurable losses.

Hurricane Lee swept up the Eastern Seaboard though it ultimately made landfall in the Canadian Maritime Provinces (Nova Scotia, New

Brunswick, Prince Edward Island, New Foundland & Labrador).

Lastly, Tropical Storm Ophelia made landfall in North Carolina and affected various areas in the states of Virginia, North Carolina, and Maryland.

2023 Pacific Typhoon Season Report

The 2023 Pacific Typhoon season was the third most inactive typhoon season on record in terms of named storms, with just seventeen named storms developing only ahead of 2010 and 1998.

Despite the season occurring during an El Nino event, which typically favors activity in the basin, activity was abnormally low.

The season was less active than the 2023 Atlantic Hurricane Season in terms of named storms, the fourth such season on record, after 2005, 2010 and 2020. The season's number of storms also did not exceed that of the 2023 Pacific Hurricane Season, when only 10 became typhoons with four strengthening further into Super Typhoons.

Cyber Security Trends Report

Cyber security is becoming more pronounced year after year with regulatory authorities calling for better protection of the general public's personal information that is stored on business computer platforms worldwide.

In 2024 cyber security experts are forecasting a rise in mobile attacks with the use of text messages, phone calls, as well as voice activated AI. Further, industry experts are forecasting that eighty percent of phishing sites will now target multiple devices.

With the advent of AI chatbots, social engineering attacks are easier for cyber criminals to carryout. One needs to always be weary of unsolicited messages no matter how specific they may seem.

Further, social media platforms are reporting an influx of malicious cryptocurrency advertisements. These ads could come from fake "verified" users who have purchased their information from legitimate accounts that have been compromised. If the links to these posts are clicked on, the users financial information/accounts



could be completely drained.

Regulators worldwide are calling for insurers and licensees to have more robust hardware and software systems to protect the client databases that are held on those computer platforms.

Insurers Hesitant To Cover War Risks In Red Sea

Persistent Houthi rebel attacks are causing insurers to increasingly decline war risks coverage for American, British and Israeli vessels in the critical Red Sea shipping corridor. This could potentially escalate consumer prices and disrupt global supply chains according to various media outlets.

The Houthi rebel attacks on vessels in the Red Sea are leading to a surge in war risk insurance rates as insurers decline coverage for certain ships. This, along with the rerouting of ships, is escalating shipping costs, potentially exacerbating inflation and supply chain issues.

Currently, Marine Underwriters are charging \$700,000.00 US Dollars to insure a \$100,000,000.00 US Dollar container ship today, a significant increase from \$10,000.00 US Dollars per voyage as of early December 2023.

10-15% of world trade and 30% of global container shipping volumes pass through the Suez Canal, which is connected to the Red Sea, highlighting the importance of this trade route.

3,000 nautical miles and 8-10 days can be added to voyage when vessels are rerouted around the southern tip of Africa due to the deteriorating security situation in the Red Sea.

The current situation bears watching as it could significantly impact global trade as well as the world economy by escalating shipping and insurance costs, potentially exacerbating inflation and supply chain issues.

North American Market Report

According to industry experts, North America's property insurance market will start to see more stability, capacity and pricing stabilization in 2024.

Thomas Rowley, the head of North American Property with Lockton's European division sees a period of single digit costs increases due to an increase in capacity which will be most beneficial to its US and Canadian clients. Still, it won't be smooth sailing for everyone,

especially those in the more challenged classes of business such as food & beverage and habitational risks. Further, there have been a lot of severe convective storm losses hitting the market, and with increased retentions in the reinsurance programs, that will hit primary US carry market quite significantly.

Accordingly to executives at Gallagher Re their regional market survey ahead of 2024 renewals, indicates that reinsurers are a little more selective about how they are deploying their capital this year. The aggregate market is difficult, especially for new submissions. There will be a lot of capacity for XOL (excess of loss) towers, especially at the top. But the bottom of programs remain difficult given recent loss activity from severe convective storms.

The Gallagher Re's survey polled 24 reinsurers on pricing, portfolio appetite, capacity expectations and structure considerations for their various reinsurance programs. It found that the overall dollar amount capacity to be deployed and property catastrophe coverage will likely remain flat.

Over (58%) of reinsurers plan to write the same amount of property exposure as last year through similar levels of participation in insurers catastrophe programs, with (38%) planning for modest growth.



Bermuda Market Report

Bermuda's (re) insurers underwriting profitability is likely peaking at current levels, as price increases moderate and losses-cost inflation persists, according to the US rating agency – Fitch Ratings. However, returns will continue to be favorable as market conditions remain attractive, with the negative effect of natural disasters on catastrophe claims reflected in pricing in 2024.

For Bermuda-based (re) insurers followed by Fitch, the meaningful underwriting improvements seen in 2023 will be limited in 2024 as premium rate increases decelerate. The hardening market continued at the January 2024 reinsurance renewals, with flat or single digit increases in most lines as the supply/demand imbalance narrowed, supported by relatively limited new capacity entering the market and deteriorating loss-cost trends from social inflation.

Fitch expects market conditions to remain favorable at the 2024 mid-year renewals, although with stabilizing rates as pricing is generally sufficient. Reinsurers are also expected to mostly maintain the tighter terms and conditions negotiated with ceding carriers in 2023.

Returns will be driven by increased

underwriting and investment income, equity market gains and stabilization of unrealized bond losses.

Bermuda's implementation of a fifteen percent corporate tax will marginally reduce its economic advantage but the island's established position in the global reinsurance marketplace will likely endure.

Lloyd's/London Market Report

Lloyds, the world's leading marketplace for insurance and reinsurance, announced a strong set of results for the first six months of 2023, with an underwriting profit of 5.9 billion pounds. The market's combined ratio improved 7.9 percentage points to 84 percent, clearly demonstrating continued progress in underwriting performance.

Lloyds continues to support profitable underwriting growth, with gross written premium increasing 11.6 percent to 52.1 billion pounds driven by growth from existing syndicates, new syndicates, foreign currency movements and risk adjusted rate increases.

Lloyds balance sheet continued to strengthen with a central solvency ratio of 438 percent and a market wide solvency ratio of 194 percent showing the market's discipline and resilience through a range of market conditions.

The US based rating agency, Fitch Ratings outlook for Lloyds and the London market to be improving in 2024.

The rating agency is of the opinion and belief that demand shall not be much affected by an economic slowdown in the UK and or Euro-Zone.

Combined ratios are showing improvement, driven by strong pricing trends and actions that have been taken to remediate the underperforming classes of business since 2018.

Lloyds and London market insurers were struck by unrealized losses in their bond portfolios in 2023. However, Fitch Ratings expect most of the investments being held to maturity, so that Mark-2-Market Losses will unwind as bonds mature which is set to provide a "big boost" to earnings in 2024.

Latin American Market Report

The US rating agency, Fitch Ratings has outlined a neutral outlook for the Latin American insurance markets in 2024, citing stable operating condition and economic growth.

Despite positive premium growth projections, this sector is expected to experience a more moderate pace due to increased competition and the normalization of claims pressure stemming from receding inflation levels.

The neutral outlook is also influenced by expanding monetary policies, potentially impacting overall profitability in certain markets. Factors such as lower investment portfolios yields, higher reinsurance costs, and increased retention levels contribute to climate change risk exposures and earnings volatility.

Sovereign ratings are identified as potential influencers on the insurance industry profile and operating environments, as investment portfolios remain exposed to government bonds, particularly in domestic economies where operations are concentrated.

The sector outlooks for Columbia, El Salvador, Peru and Chile are more optimistic than other Latin countries. The resilience of these insurance markets combined with favorable economic conditions, moderation inflation, strengthened underwriting policies and improved claims management, contribute to the positive outlook.

Eduardo Recinos, Senior Latin American Director at Fitch, states that the neutral outlook reflects positive premium growth but at modest levels, which are highly correlated with GDP forecasts and economic developments in the region.

Asia-Pacific Market Report

The Swiss Re Institute is forecasting insurance premiums in the Asia Pacific (APAC) region to increase by 2.34 %. This is expected to bolster profitability in the insurance sector according to John Zhu, Chief Economist for Asia at Swiss Re Institute.

According to a report by GlobalData, property premium volume across the Asia Pacific (APAC) region is expected to expand at a compound annual growth rate of 11.3% over the next five years.

The data & analytics company said it expected property gross written premium in the region to total 141.8 billion US by 2027, compared with an estimated 92.3 billion US in 2023.

This growth is expected to be driven by several factors, including rising demand to cover natural catastrophes, investment in infrastructure projects, innovations in insurance products and regulatory requirements.

The largest APAC markets- China, Japan & Australia- currently account for around 76% of the regions property premium base.

China, which is currently the largest regional market with a 35.3 % share of premiums, is set to record a growth rate of 14.4 % over the next five years, in part driven by increasing demand for coverage against natural catastrophes.

Parametric Insurance is expected to play an important role in this growth. The China Banking and Insurance Regulatory Commission told insurers to expand and improve the efficiency of agricultural insurance coverage and products.

Japan remains the second largest market in the region with an expected 9.1 % growth rate to 2027, with factors contributing to that growth including a rise in fire insurance premiums driven by

increased climate risk, along with investments in construction, energy and infrastructure projects.

Lastly, Australia which currently holds a 15.6 % of written premiums, is expected to deliver an 11.7 % growth rate over the next five years, with that growth primarily attributed to the rise in fire and home multi risk insurance premiums. Australian insurers have raised premiums or minimized their exposure recently to tackle unsustainable losses and rising pressure from reinsurers.

India and New Zealand are also driving regional growth, with those two countries forecasting to expand by 8.7% and 10.6% respectively over the next five years. Growing demand in the construction and energy sectors, coupled with rising premium prices, is expected to support property insurance growth in those countries.

Lastly, portfolio adjustments to limit high severity loss exposures and maintaining profitability will remain a key focus for APAC property insurers in 2024.

2023 Rugby World Cup Results

The tenth edition of the Rugby World Cup, the quadrennial world championship for men's rugby union teams took place in France from September 8th through October 28th in (9) venues across that country.



The teams reaching the semifinals included Argentina, England, New Zealand and South Africa. The New Zealand All Blacks overwhelmed the Argentina Pumas by the score of 44-6. South Africa edged England by the score of 16-15.

This brought about a Southern Hemisphere battle between New Zealand and South Africa in the Championship. The Springboks edged the All Blacks in a hard fought physical match by the score of 12-11.

Our condolences to Past President Bill Kugler on his beloved All Blacks losing in the championship game.

2024 Summer Olympic Games

Fresh from hosting the 2023 Rugby World Cup, France will be hosting this year's Summer Olympic Games which starts on July 26th and runs through August 11th.

The French are ahead of schedule as the host nation for the games which will be held throughout the country. The various nations that are participating in this year's summer games are in the process of holding their national championships to identify the Olympians who will be representing their countries in the upcoming games.



PARIS 2024



If you didn't know, our Past President Daniel Paz's lovely wife Felicia was a national swimming champion and represented Uruguay in the 1968 and 1972 Summer Olympic Games. Her sister swam in the 1976 games.

This upcoming sporting event should be added to your summer/winter viewing calendar.

Treasurer's Note

Our Treasurer, Tom Erhardt advises that the 2023 dues notices were sent out to the membership in January. While the vast majority of members have paid their dues, a number of the membership have not as yet responded to that notice. Our treasurer happily points out that in order to keep the Institute properly funded, the membership needs to respond to its obligations in a timely fashion.

A round of dunning notices will be sent out shortly to those members who are delinquent. Please check your records and if you have no record of payment, please contact Tom Erhardt at:

terhardt@eacadjust.com or call 1-001-631-325-8390

To make the necessary arrangements to settle your account.

Editorial Note

The **INTERNATIONAL MONITOR** is produced by the IILA Publication and Publicity Committee. The IILA and its members are not responsible for the accuracy of any information produced or statements or claims made by authors or articles or any other information printed in this publication. The views contained within this publication are not necessarily those of the IILA and no liability will be accepted.

Charles J. Reilly, Jr.

Editor

Tom Moss

Chairman - Publication/Publicity

[Visit iila.com for more information](http://iila.com)