



INTERNATIONAL MONITOR

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Loss Adjusters
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IILA World Headquarters

Ottawa, Canada

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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	

2023 IILA Annual General Meeting



The 2023 IILA Annual General Meeting is slated to be held in Madrid Spain commencing on October 1st through October 7, 2023.

Our Conference & Program Chair will be past IILA President, Daniel Paz, who has put together a first class cultural and educational program for all attendees and industry guests.

Wednesday October 4, 2023 will feature the AGM's Education Day which will be featuring industry and allied industry speakers for the benefit of the membership and industry guests.

Some of the items currently on the agenda include a tour of the cities of Madrid and Toledo along with excursions to both Segovia and Cuenca. If you have not already done so, the registration material for this event has been posted on the IILA website. Should you need any additional information please contact any of the IILA Board or Conference & Program Chair Daniel Paz.



PRESIDENT'S MESSAGE

Mr. Thomas E. Erhardt



To My Fellow Members,

The IILA's Mid-Year Meeting was held on May 11, 2023, in conjunction with the USA based National Association of Independent Adjusters (NAIIA) at its 86th Annual Conference held at the Westin Cape Coral at Marina Village in Cape Coral, Florida USA. Twenty members of the Institute attended the meeting both in person and on the Zoom video platform. A complete update was given to all in attendance with applicable committee updates as well as presentations from the Institute's Regional Vice Presidents.

I am pleased to announce that since our last AGM in San Antonio, Texas there have been four new full members added to the Institute's roster and they are Steven Brown of Legion Claims Solutions, LLC of Baton Rouge, Louisiana, USA, Alberto M. Dauber of Marine Surveyors Group, Montevideo, Uruguay, Rod Tieken of Tieken Claim Service, Inc. of Wichita Falls, Texas USA and Paul J. Graf of Roanoke Valley Claims Services Roanoke, Virginia USA. In addition, an inquiry has been had from a potential applicant in Zambia, Africa. I ask that the membership continue to

promote the Institute, especially promoting like-minded industry colleagues to join our organization, so that we may continue to be relevant in the Global Claims environment.

I am happy to report that at this juncture, we have considerable support for the 2023 AGM in Madrid Spain as well as the preconference tour in Bilbao Spain. If you have not as yet registered for this event, please visit the IILA website to make those reservations as quickly as possible as space for both venues is limited. It should be noted that our Conference and Program Chair, Daniel Paz has put together an impressive educational program from executives associated with industry carriers and allied associations.

At the 2023 AGM in San Antonio, the venue for the 2024 AGM was discussed with strong support being had for holding that meeting beginning in Turkey and then proceeding to Greece. Preliminary program dates start from October 10th and run through October 21, 2024 which features a preconference

tour along with the AGM. The program and venues are being developed by First Vice President, Emre Kokavci and Third Vice President Jerry Provencher.

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 am honored to be the President of the Institute and wish to thank our officers and Regional Vice Presidents for their continued support and service, and I will continue with my best efforts in leading our Institute forward.

Very truly yours,

Thomas E. Erhardt,
President



International
Institute of
Loss Adjusters



Bilbao, Spain

2023 IILA Pre-Conference Tour

Ahead of the Institute's Annual General Meeting, a pre-conference tour has been planned to be held in Northern Spain from September 27th – September 30, 2023.

The pre-conference tour will begin in the Basque Country in the City of Bilbao, which is an internationally recognized urban center for its avant-garde architecture. Also, on the agenda will be visits to the Cities of San Sebastian and Santander.

The arrangements by Pre-Conference Chair Daniel Paz, will feature first class cultural and culinary tours in this most historic region of Spain.

Information and registration materials can be found on the Institute's website (www.iila.com).

IILA 2023 Mid-Year Meeting

The 2023 IILA Mid-Year Meeting was held on Thursday May 11, 2023 in conjunction with the USA based National Association of Independent Insurance Adjusters Conference in Cape Coral Florida, USA.



Cape Coral, Florida

The meeting was hosted by President Tom Erhardt with the in person and Zoom platform attendees totaling twenty members from four continents. The Mid-Year Meeting provided the membership with the salient details of the Institute's operation along with

a detailed presentation given by Daniel Paz concerning the 2023 AGM being held in Madrid Spain. In addition, discussions were had for the Institutes 2024 AGM site with a combination venue of Turkey/ Greece receiving strong support from those in attendance.

In closing, President Erhardt asked all in attendance to continue to promote the institute, especially promoting likeminded industry colleagues to join the organization.

IILA Welcomes New Members

It is with distinct pleasure that the Institute welcomes our newest full members, namely Alberto M. Dauber of Marine Surveyors Group of Montevideo, Uruguay, Rod Tieken of Tieken Claim Service, Inc. of Wichita Falls, Texas USA, and Paul J. Graf of Roanoke Valley Claims Service of Roanoke, Virginia USA.

Mr. Dauber is a Managing Director with the Marine Surveyors Group and specializes in inland marine, heavy equipment, and marine survey work for interested insurers and Underwriters at Lloyds in the South American marketplace.

Rod Tieken is the President and Founder of Tieken Claim Service, Inc. which was established in 1982. His area of expertise is the handling of complex property loss related matters. He is a member of US based organizations, namely, National Association of Independent Insurance Adjusters, Texas Independent Insurance Adjusters Association, as well as the North Texas Claims Association. The professional designations he carries are the Registered Professional Adjuster (RPA), Certified Insurance Appraiser (CIA), and Certified Insurance Umpire (CIU).

Paul J. Graf is the President of the Roanoke Valley Claim Service which was established in 1999. His area of expertise is in the handling of complex property loss related matters. He is a member of the US based organizations, National Association of Independent Insurance Adjusters, Virginia State Claims Association, Richmond Claims Association and the Claims & Litigation, Management Alliance.

He holds the following professional designations, Associate in Claims (AIC), Certified Insurance Appraiser (CIA), and Certified Insurance Umpire (CIU).

It is with distinct pleasure that the Institute welcomes these gentlemen to our group.

Global Economic Outlook

In the face of high interest rates, global GDP growth is likely to slow to 2.9% this year and stay lackluster in 2024.

Midway through 2023, the global economy is confronting a host of unusual occurrences. In the United States, unemployment sits at its lowest point since 1968 and core inflation is higher than it was in 1983. The US Federal Reserve and European Central Bank have raised rates at their fastest pace in 40 years and 30 years respectively, and along with the Bank of Japan, are set to trim their balance sheets at a record pace.

The year ahead does have some bright spots. Overall, Morgan Stanley Research economists forecast outperformance in emerging markets, particularly in Asia.

Notably, China's reopening could increase its GDP growth in 2023, which would support regional strength on a cyclical basis. In the mid-term, trends such as digitalization continue to support India's economy, which is slated to grow 6.5% this year.

Latin America and the Caribbean basin have proved relatively

resilient in the face of rising debt stress, inflation and uncertainty arising from the Russian/Ukrainian conflict. Income and unemployment have largely recovered from the Pandemic and markets remain cautiously optimistic about the near future. Argentina continues to face hyperinflation and could very well see a devaluation of its currency in the not-to-distant future.

The World Bank's growth forecast for 2023 for this region range from 1.4% to 2.4% which would continue in 2024 through 2025. Opportunities are emerging in long term policies such as reducing systemic risks, boosting investment in traditional and digital infrastructure, and improving human capital. In the short term, opportunities lay preserving macroeconomic stability, promoting advances in customs and improving export and investment promotion agencies.

In regards to Oceania's economy, the World Bank is projecting a return to growth this calendar year despite nearly three years of economic contraction and other ongoing challenges. While the recovery is expected to continue, fiscal balances, debt sustainability, and inflation will remain a concern.

The World Bank projects inflationary pressures will peak in the first half of this year with consumer prices projected to fall. Central Banks,

such as the Bank of Australia foresee continued interest rate hikes in order to improve inflationary pressures on their respective economies.

All in all, the current global outlook is fair with some forecasters projecting a recession to possibly occur in 2024.

Pacific Tropical Cyclone/Typhoon Outlook

The Pacific Tropical Cyclone/Typhoon season typically develops between May and October.

The season's first main storm, Sanvu developed on April 21st. In May, Mawar, intensified into the first typhoon of the season on May 21st, becoming one of the strongest Northern Hemisphere tropical cyclones on record in May, and the second strongest early season tropical cyclone behind Surigae in April 2021. The weather forecasting firm Tropical Storm Risk is forecasting a 30% probability of typhoon activity over the thirty year norm. This forecasting firm's model is showing twelve intense typhoons, nineteen typhoons and twenty nine tropical storms affecting the Eastern and Central Pacific basins.

This bears watching as we get further into the tropical cyclone/typhoon season.

North American Hurricane Season Outlook

The US based meteorological service National Oceanic & Atmospheric Administration (NOAA) outlook for the 2023 Atlantic Hurricane season, which runs from June 1st through November 30th, predicts a 40% chance of a near-normal season, a 30% chance of an above normal season and a 30% chance of a below normal season. NOAA is forecasting a range of 12-17 named storms (winds of 39 mph or higher). Of those, 5-9 could become hurricanes (winds of 74 mph. or higher), including 1-4 major hurricanes (category 3, 4, or 5: with winds of 111 mph or higher). NOAA's confidence rating for these ranges is 70%.

The upcoming Atlantic Hurricane season is expected to be less active than recent years, due to competing factors, some that suppress storm development and some that fuel it, driving this year's overall forecast for a near-normal season.

After three hurricane seasons with La Nina present, NOAA scientists predict a high potential for El Nino to develop this summer, which can

suppress Atlantic hurricane activity. El Nino's potential influence on storm development could be offset by favorable conditions local to the Tropical and Atlantic Basin. These conditions include the potential for an above-normal West African Monsoon season, which produces African easterly waves and seed some of the stronger and long lived Atlantic storms, and warmer than normal sea surface temperatures in the Tropical Atlantic Oceans and Caribbean Sea which creates more energy to fuel storm development. These factors are part of the long term variability in Atlantic atmospheric and oceanic conditions that are conducive to hurricane development – known as the high-activity era for Atlantic hurricanes, which have been producing more active Atlantic hurricane seasons since 1995.

This bears watching as we move further into the Atlantic Hurricane Season.

Lloyd's/London Market Report

The Lloyd's Marketplace is projecting organic growth of approximately 4% for 2023 according to CFO Burkhard Keese while CEO John Neal acknowledged that the marketplace may incur a short-term income hit through its cyberbook of business.

The US rating agency, Fitch Ratings has affirmed Lloyd's 2023 financial outlook as favorable due to its very strong business profile, capitalization and leverage. In addition, is forecasting a combined ratio of 95% for this year with its investment portfolio also benefiting from the rise in global interest rates.

Cyber Insurance and Directors and Officers Insurance continue to be the fastest growing classes of business in Lloyd's. Currently, Lloyd's manages over 20% of the global cyber premium.

Climate change and its evolving affects will continue to be a focus at Lloyd's, with clear regulatory expectations on understanding the financial risks to its businesses. ESG and the transition to a low carbon environment are of ongoing importance to Lloyd's as well as the wider London Market.

Regulatory priorities such as operational resilience and overseas legislative changes will continue to shape this market during the year.

Bermuda Market Report

The Bermuda Market has grown substantially in the last twenty years in response to market needs for greater worldwide access to property and casualty insurance and reinsurance. Bermuda's largest carriers are regulated

under a separate and distinct set of requirements with a regulatory framework designed to meet international regulatory standards commensurate with their size and market scope.

Currently, the Bermuda Market is the largest supplier of catastrophe reinsurance to US insurers. It is uniquely situated to quickly match risk taking capital with insurers and reinsurers.

The hardening market is supported by deteriorating loss-cost trends with high economic and social inflation. Reinsurers have demonstrated very strong underwriting discipline in an effort to improve sustainability of underlying profitability, having suffered poor performance since 2017 amid elevated catastrophe losses.

Catastrophe losses represented 10-11% percentage points of its 2022 combined ratio primarily from Hurricane Ian which struck the Florida peninsula in the United States.

Rating agencies this year are forecasting a combined ratio of approximately 93-95%. Pricing remains favorable through mid-year 2023 renewals, particularly in the dislocated Florida USA marketplace.

The US based rating agency Fitch Rating is expecting the market to grow by more than eight percent this year.

Latin American Market Report

For the first half of 2023, economists noted that Latin America's GDP has slowed. This is due to the fact of the changing rate environment by the region's Central Banks. The increased rate environment could lead to political and social pressures as growth fails to recover to pre-pandemic levels.

The US based rating agency, Fitch Ratings 2023 outlook for this marketplace is neutral based upon a stable industry profile and operating environments.

The worldwide brokerage firm Aon in their Latin America Report suggests that robust levels of competition and capacity in Latin America were able to avoid the highest price increases sought by a small number of international reinsurers during the first half of this year. Aon's report noted that outside of agricultural, property catastrophe results in Latin America have been largely positive while a number of domestic markets

continue to demonstrate underlying growth. However, capacity is not keeping pace with increased demand for reinsurance, although the devaluation of local currencies against the US Dollar has worked in the market's favor during the year's first half renewal.

Aon is forecasting that capital will begin to enter the reinsurance market in the second half of 2023 and stabilize the market, particularly as the benefit of higher pricing and interest rates become more visible in earnings.

Asia-Pacific Market Report

Inflation and natural disasters will continue to impact both insurers and reinsurers in the Asia-Pacific marketplace for the balance of 2023.

Worldwide broker Marsh McLennan reports pricing increases on renewals in the second quarter by 2% -5%.

As in other regions, the Asia-Pacific region has experienced its share of natural catastrophe events such as typhoons, flooding and wildfires to name a few. These disasters when combined with inflation continue to put pressure on the region's insurance and reinsurance markets.

Swiss insurer Zurich is reporting strong growth in the Asia-Pacific region in their property & casualty book of business.

According to the Swiss Re Institute, the actions of various nations central banks increasing interest rates to slow down inflation may result in negative implications to various countries' economies as well as to the insurance marketplace. The Swiss Re Institute expects inflation of exposure values and rate hardening to continue to drive premium growth by some 7% in spite of an economic downturn. Geopolitical posturing could also come in to play to disrupt the marketplace.

India continues to be a growing marketplace with its property and casualty market forecasted to grow by 11.4%. This is due to a strong economic climate educated workforce and the movement of manufacturing and tech support service from China.

China's economy is being constrained by its real estate market where a number of its largest developers may be defaulting on their interest payments to their bond holders. Further muted consumer demand has slowed the country's growth forecast for the balance of this year.

North American Market Report

Through the first half of 2023, the North American Property Casualty Market by all accounts is continuing to see a firming marketplace with increased deductibles, valuation adjustments, deductible increases, and a reduction in capacity. Continued rate increases will continue although not on a double digit basis.

US rating agency Fitch Ratings foresees that claims volatility amid higher inflation and macro uncertainty could be impediments to a return to underwriting profitability. It maintains a neutral sector outlook and forecasts a 100.4% industry combined ratio for the full year.

Insurers are still grappling with the decrease in supply and increased demand for reinsurance. The insurers are now entrenched with a strict underwriting guidelines and continuing scrutiny of underwriting data, as 2023 continues to be a most difficult property renewal season for many agents and brokers.

Challenges will continue through the balance of 2023 for risks with significant exposure to wildfire, convective storms, and flood. Insurers such as AIG, Allstate, State Farm and Farmers Insurance are leaving states such

as a California and Florida, due to regulatory confines on the limitations of increasing rates due to unsatisfactory claims filings from climate related risks.

Insurer & Reinsurance News

The Chubb Group of Insurance Companies reports that its second quarter net income rose 50.7 percent to 1.79 billion US compared to the same quarter in 2022.

Property & Casualty underwriting income was 1.3 billion US with a combined ratio of 85.4%, and what Evan G. Greenberg, Chairman & CEO of Chubb described as simply and outstanding quarter.

Munich Re reported a profit of 2.4 billion Euros for the first half of 2023, as the company remains on track to achieve its annual year end targets.

For the first half of 2023 Berkshire Hathaway P & C reinsurance operation saw premiums swell to 12.1 billion US compared with 8.5 billion US for the prior year. Further, Berkshire took a giant 1 billion US share of Florida's Citizens Property Insurance Corporation's reinsurance renewal, as the firm continues to expand property & casualty reinsurance business in favorable market conditions. Lastly, the

company reports that their loss ratio fell 4.1 % to 78.9% from the prior year's results.

Global reinsurance giant Swiss Re has reported a significant rise in their net income for the first half of 2023 to 1.4 billion US. Further, P & C net premiums increased from 10.6 billion US to 11.4 billion US, which Swiss Re notes is a reflection of their strong performance during renewals in both January and April.

French insurer AXA has announced a year on year rise in total gross written premium (GWP) and other revenues of 2% to 55.7 billion Euros for the first half of 2023. This was driven by a 7% growth at AXA XL, its property and casualty (P & C) and specialty division.

Arch Capital Group, Scor & Bermuda based Everest Re also reported strong growth in their reinsurance businesses.

In other market news, an investigation into alleged forged Letters of Collateral issued by China Construction Bank (CCB) to insurers for reinsurance transactions sourced by VESTTOO continues. Additionally, VESTTOO confirmed senior departures following an investigation into claims of fraudulent collateral.

The global ratings agency AM Best has placed the credit ratings of fronting and program specialist, US based Clear Blue Insurance Group, under review with negative implications, citing uncertainty around the firm's ability to rely on certain letters of credit (LOC) posted to back reinsurance, as the investigation at VESTTOO continues. In addition, AM Best announced plans to review the collateral arrangements of all fronting companies that it provides ratings for.

Ocean Marine Update

A retrofitted bulk cargo ship has set out on its maiden voyage, potentially providing a new template for wind, powered ocean shipping. The bulk cargo ship has been retrofitted with dual 123 foot "Wind Wings" which are constructed from the same material as wind turbines.

The Mitsubishi Corporation's "Pyxis Ocean" is the first commercial vessel to be retrofitted with the "Wind Wings" developed by BAR Tech & Yara Marine. This development is being done in conjunction with the US based multinational commodities firm Cargill.

During its estimated six week travel time, the bulk cargo ship sails will be closely monitored in the hopes

of scaling the technology across Cargill's cargo fleet as well as the larger shipping industry. Currently, less than one hundred cargo ships currently utilize some form of wind technology, a fraction of over 110,000 operational vessels throughout the world.

Depending on the "Pyxis Ocean's" performance, the massive "Wind Wings" could help spur increased green tech retrofitting, as well as new builds already coming equipped with those systems.

Currently, commercial shipping is facing long queues and delays to travel through the Panama Canal as a lengthy drought in the Central American country has led to a cut in the number of vessels able to pass through one of the world's most important trading routes.

The impact of climate change on global business and trade, the Panama Canal Authority (ACP) which manages the waterway, introduced restrictions on the number of transiting vessels as a result of the drought. An extended dry season has reduced the availability of water, required to allow vessels to pass through the canals locks, which has triggered a log jam of ships awaiting their turn for passage through the canal. The canal is favored by many shippers as it usually reduces cost and transit times, especially for large retailers and energy companies that

trade between China and the rest of Asia and the United States.

The return of the El Nino (a hot natural weather pattern) is making Panama and the surrounding region warmer and dryer. The rainy season typically runs from May through December and the lack of rainfall is currently taking its toll on the operation of the canal. This situation bears watching in the weeks and months that lie ahead.

2023 Rugby World Cup

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

There will be a total of (20) nations competing in the event from the following regions; Africa-South Africa & Namibia; Asia-Japan, Europe-France, England, Ireland, Italy, Scotland, Wales, Georgia, Romania, and Portugal; Oceania-Australia, Fiji, New Zealand, Samoa & Tonga; South America-Argentina, Chile & Uruguay. Absent from this year's tournament will be Canada and the United States.

Pool A will consist of the following countries, France (third in world ranking), New Zealand (second in world ranking), Italy (fourteenth in world ranking), and Uruguay

(seventeenth in world ranking); Pool B - Namibia (21st world ranking), South Africa (fourth in world ranking), Ireland (first in world ranking) & Scotland (fifth in world ranking), Tonga (fifteenth in world ranking), Romania (nineteenth in world ranking); Pool C - Wales (ninth in world ranking), Australia (eighth in world ranking), Fiji (tenth in world ranking), Georgia (eleventh in world ranking), Portugal (sixteenth in world ranking); Pool D - England (sixth in world ranking), Japan (twelfth in world ranking), Argentina (seventh in world ranking), Samoa (thirteenth in world ranking), and Chile (twenty second in world ranking).



The early betting favorites to win the championship include France, Ireland, South Africa, New Zealand, and Argentina.

On Thursday October 5th New Zealand will be playing Uruguay in Lyon France. Perhaps there will be a friendly wager between Past Presidents Bill Keugler (New Zealand) and Daniel Paz (Uruguay) as to the outcome of this match.

Treasurer's Note

Our Treasurer, Michael Nardulli 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 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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