



China Belt & Road Initiative Presents Global Insurance Opportunities

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Tracy Ma - Ironshore Pembroke Underwriting Manager- Lloyd's Insurance Company China

Opportunities are indeed being seen along the China Belt and Road route.

A contract of highway construction has been lately entered into between China Communications Construction Co., Ltd. and the government of Republic of Serbia with the investment of approximately \$520 (USD) million. The Hungary section of Hungary-Serbia railway is estimated to start by the end of 2020. Another major project of China-Uzbekistan natural pipeline also has officially launched in the city of Bukhara. All these ongoing projects are deemed to bring about a greater need for insurance in the construction, property, and cargo sectors.

Central to the foreign policy investment scheme of China's Belt and Road mandate is the building and enhancing of Chinese ports for maritime routes. Today, 80% of global trade by volume and over 70% of global trade by value is conducted via sea routes," as noted by the UN Conference on Trade and Development. Industry estimates speculate that as much as \$3.5 (USD) billion insurance premium will be underwritten for marine lines, with Project Cargo emerging as the most significant risk exposure as "belt" directs funding to sea lanes.

Regulatory regimes and overwhelming demand for capacity will require collaboration. In 2017, Ironshore's Pembroke Managing Agency Ltd formed a Project Cargo Consortium together with Munich Re Syndicate to serve the Lloyd's China platform. Project Cargo Insurance within the marine sector has seen heightened demand for increased capacity and greater necessity to provide deeper underwriting expertise in the region.



In cooperation with Lloyd's, Pembroke Syndicate 4000 can deliver dedicated coverage for risk exposure and consequential loss related to project cargo transportation and delay in start-up for large scale project risks, with available capacity of up to \$178 million (USD). The new consortium for China cargo line risks replicates the approach and risk appetite of Pembroke's Project Cargo Consortium operating in the Lloyd's London market, which is the largest of its kind for targeted marine lines. Pembroke's presence in the region through the Lloyd's China platform enabled creation of the consortium to extend marine sector underwriting capabilities affording coverage for China risks.

China's Belt and Road Initiative promises to become an opportune driver of premium income growth in the near and longer-term in response to sustained infrastructure investment. Whether the China policy mandate succeeds or fails in its totality as a foreign investment strategy, risk exposure and risk transfer solutions would trigger unrelenting demand for project-specific insurance coverage.

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