

MEDIAN

Dec 2021



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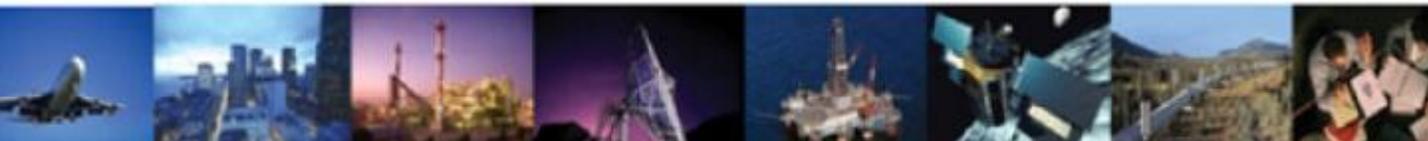
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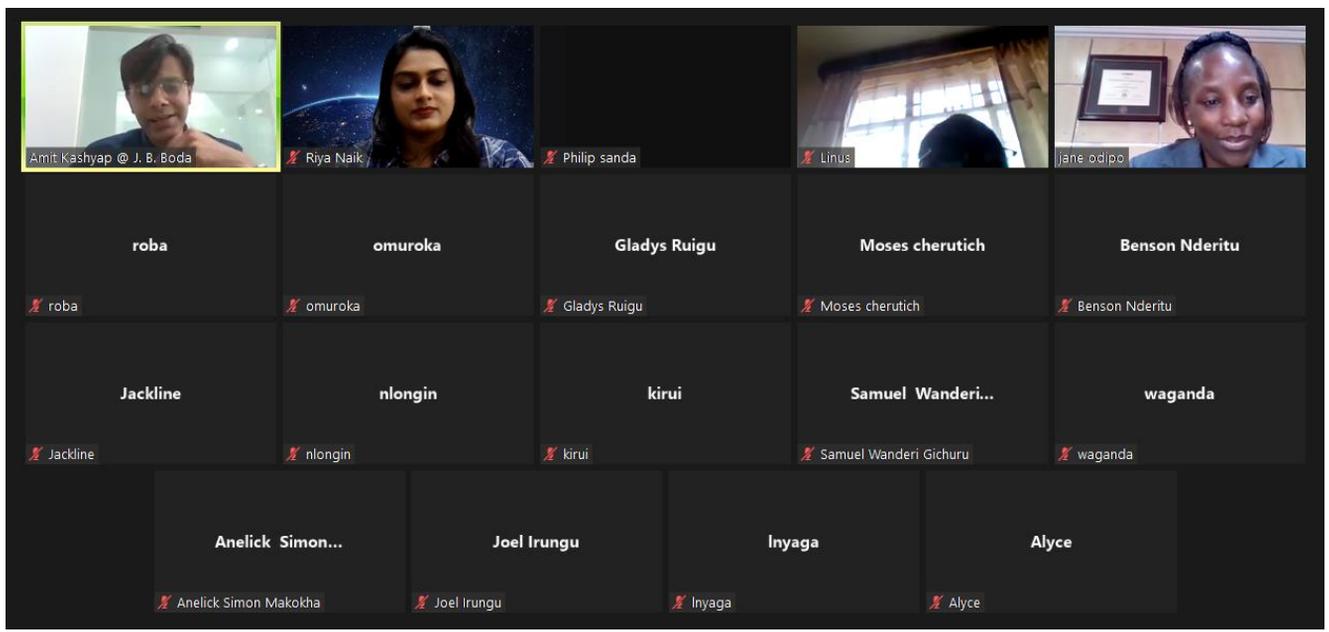
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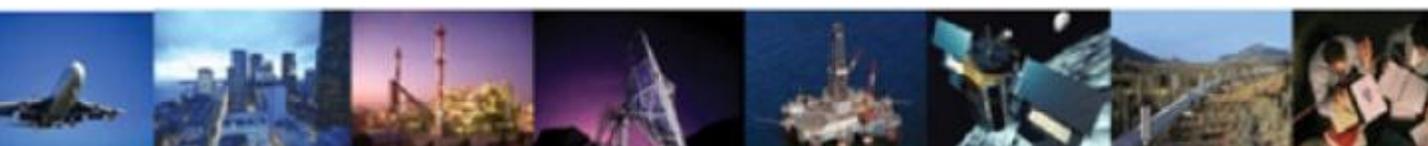




NEWS AT J.B.BODA



J.B.Boda Team conducted a virtual training on 17th & 24th Nov., 2021 for Kenya Re. The training covered Trade Credit and Extended Warranty.





PRIME STORY

Global reinsurance market survey – H2 2021

Respondents to the latest reinsurance market survey, in collaboration with its sister-site Artemis, are optimistic for further rate hardening at the important January 1st 2022 renewals, as pricing remains the key for buyers of protection.

Data from the 2021 edition of the global reinsurance market survey is based on responses from hundreds of identifiable market participants, of which more than 70% make or provide input into reinsurance buying decisions.

With the Jan 2022 reinsurance renewals fast approaching, against a backdrop of elevated catastrophe losses, fading but still impactful COVID-19-related losses (notably within life and health), greater demand, and a continuation of underwriting discipline, it required to test the temperature of the international reinsurance sector.

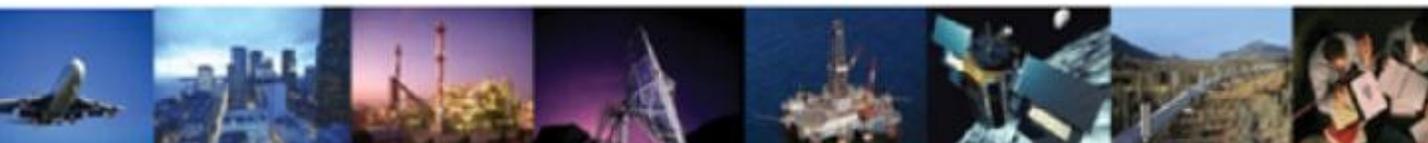
The full results are available online for free and you can analyse the data from responses on the link: <https://www.artemis.bm/reinsurance-survey/2021.html>

The survey shows that market participants are anticipating the most dramatic rate increases within loss-affected lines of business, notably U.S. and European property cat risks, reflecting the impacts of winter storms and hurricanes in the U.S., and devastating flooding and flash floods across parts of Europe.

Outside of the property cat arena, more than 50% of survey respondents are expecting rates in the cyber market to increase by at least 10% at the upcoming renewals, with optimism for meaningful rises also evident in professional lines, retrocession, and political risks.

Alongside pricing, credit quality / rating, and reputation are the main aspects buyers of protection are looking for in a reinsurance counterparty, while reduced control / exposure, earnings protection, and capital efficiency / relief are viewed as the main drivers of purchasing decisions at 1/1 2022.

Throughout 2021, reinsurers have noted greater demand for protection and heading into the renewals, approximately 92% of buyers expect to purchase roughly the same or more reinsurance or retrocession protection.





It's a similar story for the use of alternative, or third-party reinsurance capital, with the large majority of survey respondents expecting to leverage about the same or more insurance-linked securities (ILS) backed capacity.

Although the COVID-19 pandemic is by no means behind us, the relaxation of strict restrictions in many parts of the world as the global vaccine rollout continues, coupled with a focus on exclusionary language within policies, has seen the cost of the pandemic fade across the industry.

While this is clearly evident within property and casualty lines of business, still elevated mortality rates in some countries means that for some reinsurers, COVID-related losses on the life and health side of the business remain and continue to exceed expectations for some.

Of course, a pandemic isn't the only systemic risk that threatens to challenge the global reinsurance industry, and considering the sector's response, almost half of survey respondents feel that despite some positive signs, they're slightly concerned about the market's ability to navigate future challenges of a similar scale.

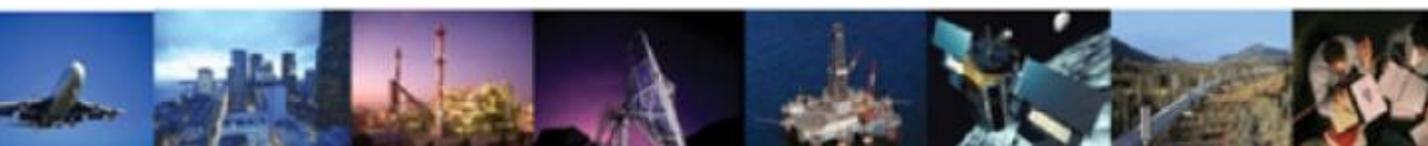
Promisingly, however, less than 7% of respondents feel less confident than ever in the reinsurance market's ability to weather such a challenge in the future.

Additionally, survey respondents offered their thoughts on the potential for mega-M&A deals to complete as global competition and antitrust concerns increase.

The data also shows that looking forwards, market participants are split on how positive the outlook is for the sector with climate change, cyber risks, and rising losses from secondary perils seen as the greatest challenges to profitability over the next five years.

But with challenge comes opportunity, and as the data shows, market players are eager to prioritise technology, diversification, and the fostering of talent and acquiring expertise as we head into 2022.

Source : Reinsurancene.ws





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NATIONAL

Marine insurance: IRDAI in talks with INSA to set up P&I club

The Insurance Regulatory and Development Authority of India (IRDAI) is in talks with Indian National Shipowners Association (INSA) to develop a protection and indemnity insurance club (P&I club) in India, a move that will support the development of a marine insurance market in India, said insurance sector players at a Maritime India Summit.

Marine premium formed about 2 per cent of the gross domestic premium in FY20. India has been looking to put in place a P&I club for a few years now.

A P&I club is a mutual insurance association that enables risk pooling among members and provides information and representation for its members. A P&I club provides cover for open-ended risks (such as war risk, environmental damage such as oil spills and pollution) that traditional insurers are reluctant to insure. These days even freight forwarders and warehouse operators are able to join P&I clubs in overseas jurisdictions.

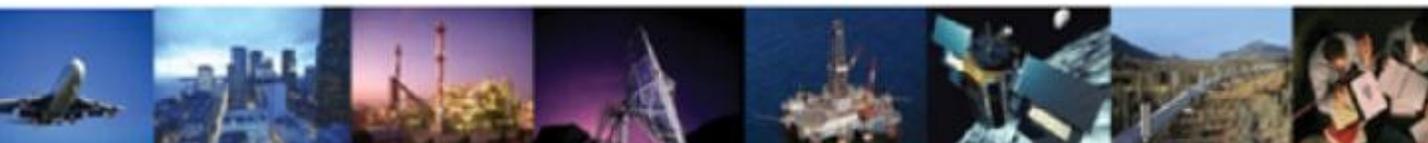
Meanwhile, the General Insurance Council is set to automate the re-insurance payment system, a first such initiative globally, making India the first country to digitise reinsurance where most of the re-insurance work and processes are paper-based globally. While India accounts for a low share of marine insurance globally, its software prowess could be used to give India the necessary leg-up in the area, pointed out IRDAI.

Primary insurance (for marine sector) can grow if there is presence of reinsurance for starting a protection and indemnity club in India. Support from shipowners for information sharing regarding Indian and foreign vessels and insurance pooling initiatives such as salvage association and P&I clubs would add.

Growth of this area depends on the availability of ecosystem. Marine insurance business in India is in the range of 1.5-2 per cent. As India looks to develop a robust marine insurance sector, challenges that need to be addressed include lack of P&I clubs (for covering risks like loss of lives) and lack of claims assessment expertise.

Gujarat International Finance Tec-City IFSC (International Financial Services Centre) can be a platform for such activities, pointed out experts.

Source: The Hindu Business Line





GLOBAL

Retail profit erosion leaves Moody's negative on European P&C

Europe's P&C insurers, who had benefited from lower retail claims during the pandemic, are expected to find difficulty with sluggish price growth and have received a negative outlook from Moody's.

Analysts see the P&C cycle as one in transition, with claims frequency returning to normal levels and inflation continuing its steep upwards trend.

A further driver can be seen in the lagging of price increases, held back by pandemic-related social and political pressures, as well as intense competition.

And while insurers have revised policy wordings to eliminate pandemic-related business interruption claims, prices continue to rise in the commercial segment.

Additionally, Moody's notes the rise of natural catastrophe costs, which in turn push up the cost of reinsurance.

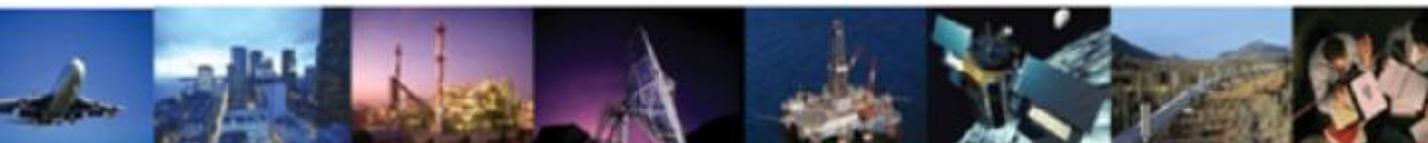
These factors alongside a stabilisation of net results in the commercial segment and a continued tightening of policy wording, for example to reduce exposure to "silent" cyber risk

Source : Reinsurancene.ws

The 10-year structural warranty at the heart of construction insurance

The ten-year or long-term warranty serves to protect property buyers and moralize the construction market.

Some countries such as France, Morocco, Algeria and Tunisia impose the underwriting of a 10-year construction insurance. The 10-year insurance covers damage caused to the building after the acceptance of the work. In France, the law abides any person who initiates construction works to underwrite this policy before the start of the work, thus blocking overly innovative projects and long and difficult negotiations between builders and insurers.





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In some countries a professional third-party liability policy is required for architects and designers. To underwrite an insurance contract including the 10-year warranty, the builder is required to inform the insurer of the use of uncommon techniques. Under penalty of Law, the insured is required to mention any form of innovation in the risk declaration form. This statement represents a contractual obligation.

The use of new materials and/or avant-garde architectural techniques represents an additional risk. The insurer will analyze the impact of the novelty during the construction phase. Upon examination of the file, the insurer may exclude certain risks or damage caused to parts of the work or to some property. Some exclusions may be temporary and disappear if the construction does not exhibit any weakness during a given period of time. The insurer may also limit its commitments per claim and per insurance period. High deductibles can be used to involve the insured in the risk-taking process.

For highly complex works, the intervention of one or more consultants and experts is required for the underwriting of a 10-year structural warranty.

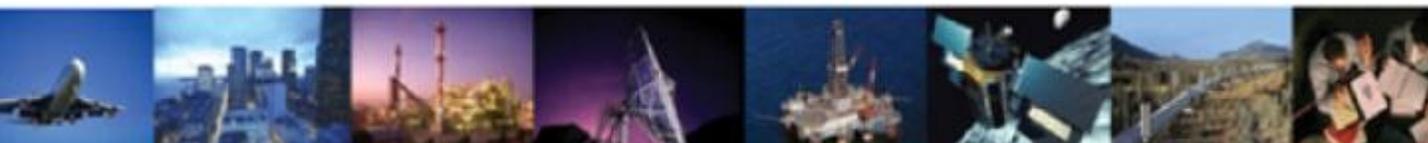
It is common that insurers deal with non-standard sites. This applies for instance to:

- The Khalifa tower in Dubai,
- The entire Palm Island housing complex also in Dubai,
- The Bilbao museum (Spain),
- The Confluences museum in Lyon (France).

These works, often prototypes, with daring shapes, defy the laws of construction. Delays in obtaining insurance and reinsurance coverage are likely to jeopardize such projects.

Blockages are usually not definitive. Further scientific analyses are conducted and in some rare cases, abandonment of innovation is necessary.

Source : Atlas-mag.net





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J.B.Boda Group of Companies

J.B.Boda & Co. Pvt. Ltd.	<ul style="list-style-type: none">• Facilitating Employee Benefit Schemes and Life Actuarial• Valuation & Product Development• Facilitating Non Life Actuarial Services• Wellness Programmes• Risk Inspection• Training & Seminars
J.B.Boda Insurance & Reinsurance Brokers Pvt. Ltd.	<ul style="list-style-type: none">• Non Life & Life Broking
J.B.Boda Insurance Surveyors & Loss Assessors Pvt. Ltd.	<ul style="list-style-type: none">• Fire, Engineering, Miscellaneous Accident, Marine Hull and Cargo Surveyors & Loss Assessors• Marine Inspection• Superintendent Services• Tank Calibrators, Samplers & Analysts• Asset Valuation
Crowe Boda & Co. Pvt. Ltd.	<ul style="list-style-type: none">• Protection & Indemnity Insurance Services Correspondents in India for :<ul style="list-style-type: none">- Steamship Mutual Underwriting Association Ltd. (SMUA), London- Shipowners' Mutual Protection & Indemnity Association (SOP), Luxembourg
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