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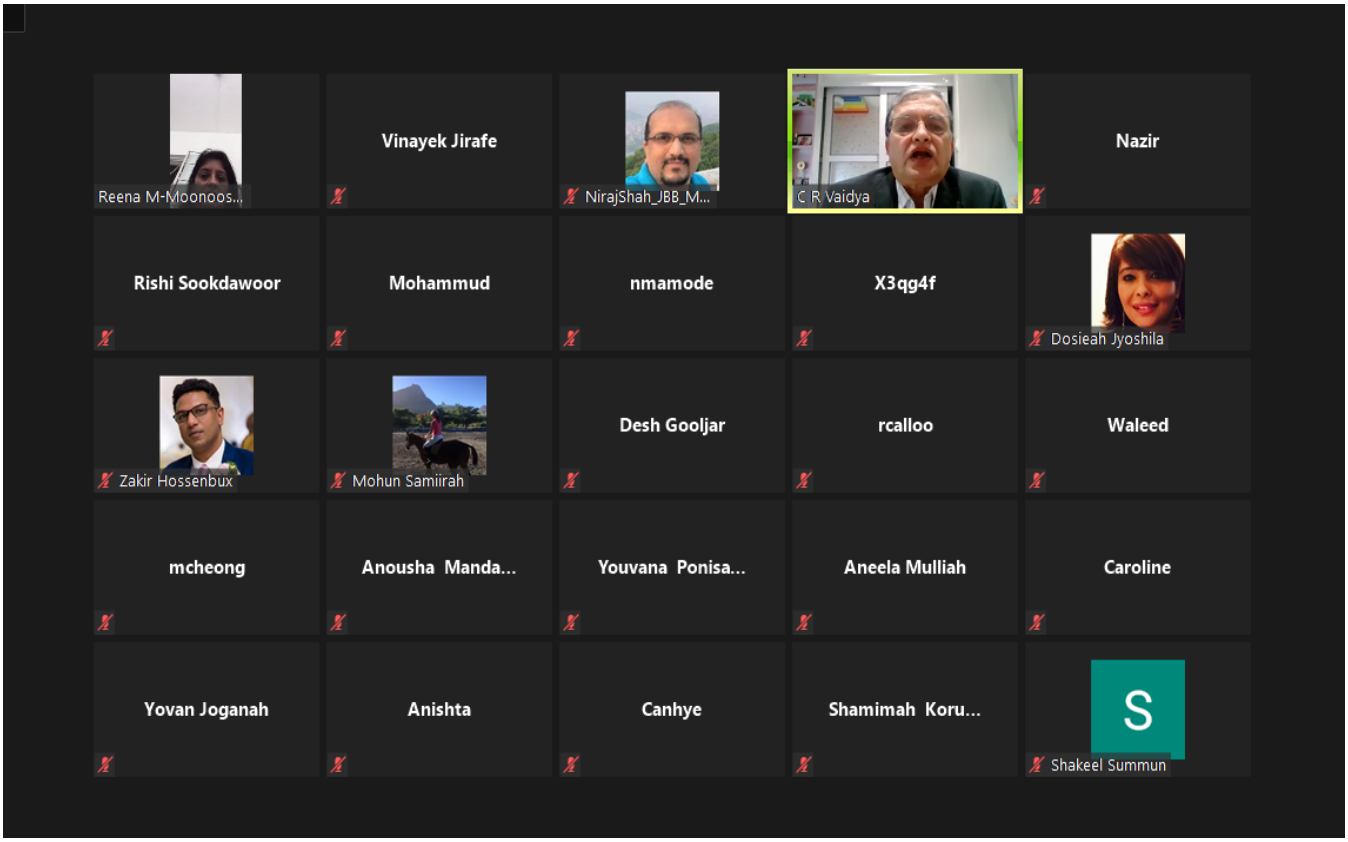
NEWS AT J.B.BODA



Training on Casualty & Financial Lines conducted for **National Insurance Company Limited, Mauritius** on 20th & 21th Apr. 2021

PRIME STORY

Recovering losses due to the Suez Canal blockage

The blockage of the Suez Canal by the Ever Given has given rise to trade and supply chain disruptions for businesses that depend on shipments through the canal.

Policyholders should look to their insurance to determine if they have coverage for these types of losses. Businesses should also carefully review their contracts with suppliers and related vendors to determine if they have available insurance through those contracts, indemnification protection through those contracts, or indemnification obligations because of those contracts.

Taking proactive steps is the key to securing recovery for these losses.

Read your policies and vendor contracts

The first step is to locate and carefully read the applicable policies or vendor contracts. The insurance policies most likely to respond to supply chain disruptions or loss of cargo include trade disruption coverage, contingent business interruption coverage or cargo insurance.

Look to your company's political risk insurance policies for trade disruption coverage, which provides protection from loss of earnings or extra expenses incurred as a result of supply chain disruption.

Review your company's property insurance policies for contingent business interruption coverage, which will provide similar protection due to property damage to the Ever Given.

Coverage for cargo can also be found in cargo insurance policies or policies offering inland marine coverage and provides protection for damaged or lost cargo.

Because policies with these types of coverages often have different names, reviewing all of your company's insurance policies is the best way to determine potential coverage.

This is important because the wordings and coverages can sometimes be complex. The complexity, however, should not be a deterrent. A close reading of your company's policies will likely reveal the provisions under which coverage exists and give you a good foundation for discussion with the company's broker or the insurance company.

Similarly, contracts with suppliers or other such vendors are another source of potential recovery. Vendor contracts likely contain indemnification provisions and insurance procurement provisions.

Check these contracts carefully for potential coverage options or potential obligations to customers.

Be aware of policy deadlines

Give notice as soon as possible to avoid any pushback from your insurer on timing. There is no harm in giving notice, but the failure to do so can essentially put an end to your claim.

Your company's notice should include all known losses and a catchall provision for losses that you may discover after giving notice. If necessary, provide updates as needed but do not delay in giving notice. If your vendor agreements provide indemnification or insurance protection, notify the vendor as well.

In addition to prompt notice, keep track of policy deadlines.

Policies may require proofs of loss within a certain amount of time, or clauses that require that a suit be filed within a certain amount of time. Keep all of your options on the table and preserve all of your rights by meeting deadlines or securing extensions of time from your insurance company.

Quantify the claim

It is important to gather and preserve information that quantifies the effects of the Suez Canal disruption on your business, such as lost profits and extra expenses. This information will likely involve business accounting, so it is important to have the right team in place to quantify the claim.

Insurance companies hire accountants and other independent experts to assess claims, so consider seeking outside help on this issue — particularly if your claim is big enough or your company does not have adequate internal resources. The more evidence you collect to quantify your claim, the better.

Claim quantification also involves communicating with your insurance company and responding to requests for information. Respond promptly to these requests, but make sure to document these communications and track the information requests and responses provided by your company.

Stay on your insurance company's radar

In addition to responding promptly to your insurance company, make sure it responds promptly to you. For instance, write letters to demand information on the status of your claim as well as details and explanations of coverage positions, and follow up on those requests.

Do not blindly accept coverage delays or denials, but ensure that your insurance company knows that you are invested in your claim and expect responsiveness.

If needed, engage your broker or an attorney to challenge insurance company delays or denials.

Source: www.freightwaves.com – viewpoint from an insurance coverage attorneys who regularly represent policyholders and their captives in insurance and reinsurance coverage disputes.

NATIONAL

Coal plant re/insurance faces green hurdles

Nearly three-fourths of the power generation in India, is from thermal projects.

Thermal power plants are finding it difficult to obtain reinsurance cover in international markets as global giants tighten their environment, social and governance (ESG) policies. This has created capacity constraints for insuring coal-fired power projects, which are too big for the balance sheets of domestic insurers.

Most of the reinsurance markets in the West have closed the doors and with their revised oil & gas policy in 2020 and, beginning in 2021, reinsurers are gradually withdrawing insurance support for the most carbon-intensive oil and gas production.

Insurance marketplace Lloyds of London also said in December that it is scaling back its exposure to coal and oil sands. European primary insurers had already pulled back from underwriting fossil fuels such as coal and oil sands.

Scouting for cover for a power producer which is looking to arrange protection from global markets is proving to be a challenge. GIC Chairman Mr. Devesh Srivastava said that given the use of coal in Indian power generation, capacity for reinsuring thermal power projects internationally has been an issue.

However, companies can work around these issues by innovating on the policies. One method is to break up the assets for separate policies and looking at combined limits. Most reinsurers worldwide have stopped writing coal on a facultative reinsurance basis. However, they permit reinsurance on a treaty basis.

This is not like the issues faced in getting cover for nuclear plants where there are global restrictions on sharing know-how. This is purely from each company's ESG standpoint. However, since most of the large western reinsurers are taking a hard stance on coal, dependence is on the other markets.

Source: Times of India

GLOBAL

International reinsurers stare at big losses from Suez Canal's blockage

The blocking of the Suez Canal by one of the world's largest container ships is likely to result in losses worth hundreds of millions of euros for the reinsurance industry.

The 400-metre (430-yard) long Ever Given got wedged diagonally across the canal in high winds, blocking the path for hundreds of vessels waiting to transit the shortest shipping route between Europe and Asia.

This event will reduce global reinsurers' earnings but should not materially affect their credit profiles, while prices for marine reinsurance will rise further. Shipping rates for oil product tankers nearly doubled after the ship got jammed, and the blockage has disrupted global supply chains, threatening costly delays for companies already dealing with Covid-19 restrictions The ultimate losses will be calculated until normal ship traffic resumed, but estimated losses easily runs into hundreds of millions of euros.

A large share of losses will probably be reinsured by a global panel of reinsurers, adding that, this will add pressure to first-half earnings.

Source: Economic Times

FTUSA: towards the establishment of an agency against insurance fraud

The Tunisian Federation of Insurance Companies (FTUSA) is working on a project to create an agency to fight against insurance fraud.

The new structure will provide legal and technical mechanisms to identify and prosecute fraudsters.

It is estimated that fraud costs represent 5 to 10% of the total amount of compensation. The motor insurance, which accounts for 43% of the market's total turnover, is the class of business most affected by fraud.

Source: Atlas Mag

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Head Office:

Maker Bhavan No. 1, Sir Vithaldas Thackersey Marg, Mumbai 400 020 (INDIA)

Telephone : + 91 22 6631 4949 / 6631 4917 * Telefax : + 91 22 22623747 / 22625112

E-Mail : jbbmbi@jbbodamail.com * Web : http://www.jbboda.net * Follow us on

For any further enquiry regarding J.B.Boda Group kindly write to jirafe.vinayek@jbbodamail.com