

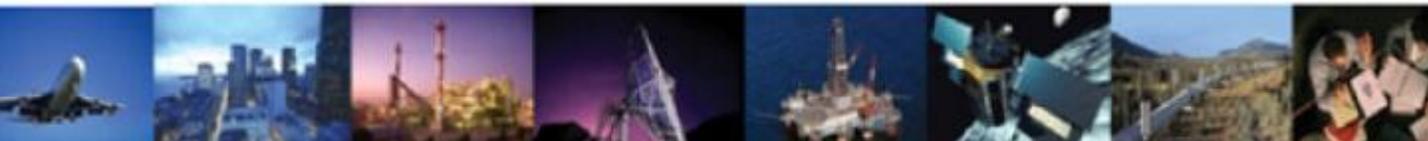
# MEDIAN

Apr 2022



## J.B.BODA

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## NEWS AT J.B.BODA



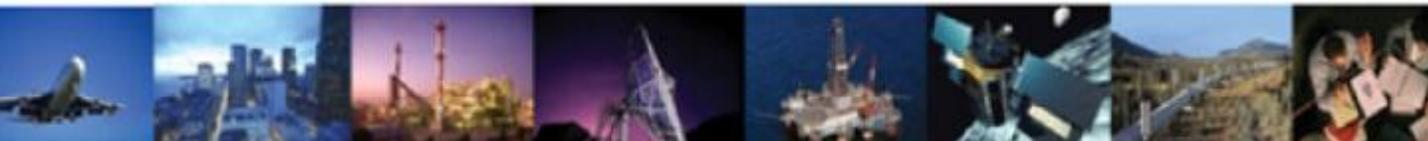
**J.B.Boda Group Chairman Shri Atul D. Boda** being honoured with two prestigious Awards:

**Iconic Leader of the Year**

**&**

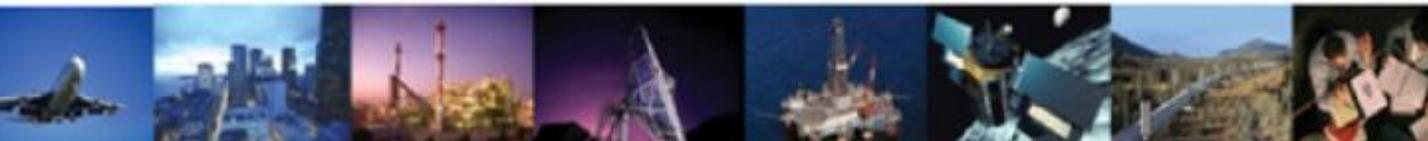
**The Best Broker Partner of the Year - J.B.Boda Insurance and Reinsurance Brokers Pvt. Ltd.**

at an event organized by “*Business Leader of the Year*” Group  
on Monday, 21<sup>st</sup> March 2022 at Taj Land’s End Hotel – Bandra





**Felicitation of Mr. Ashok Patel, Mr. Vasant Shah and Mr. Ramesh Shah**  
at a well deserved farewell for their dedicated service to the J.B.Boda Group  
organised at Everest Room, J.B.BODA office on Wednesday, 30<sup>th</sup> March 2022





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## **PRIME STORY**

### **Insurers remain resilient because of reinsurance support**

Recent flooding and severe storms in south-east Queensland and New South Wales will affect insurers' earnings rather than their capital, as a result of strong reinsurance programmes, says Fitch Ratings. Insurers' robust earnings and capital headroom should ensure their ratings remain resilient to these effects.

However, higher modelled catastrophe losses and rising reinsurance costs in the face of increasingly frequent extreme weather events, coupled with reduced appetite from global reinsurers, pose risks to insurers' credit profiles over the medium term.

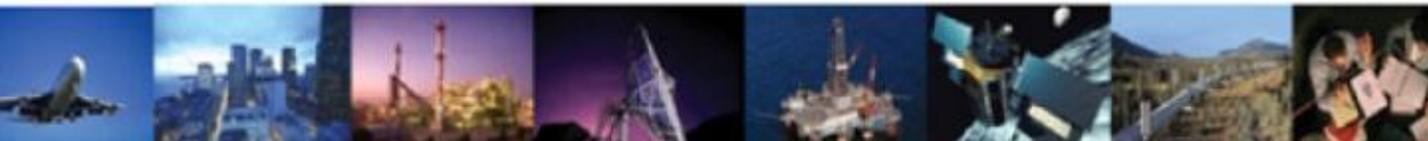
#### **Expected net losses**

Fitch expects net losses to primary insurers from the extreme weather in late February and early March 2022 to be much lower than Insurance Council of Australia's (ICA) current gross loss estimate of around A\$2.5bn (\$1.9bn) due to high reinsurance recoveries. However, gross losses may rise further as the Bureau of Meteorology forecasts the ongoing La Nina condition to cause above median rainfall in 2Q22 for much of northern and eastern Australia. Insurers have received over 163,000 claims, according to the ICA, of which Fitch believes most are in the property class.

Most losses will be borne by Insurance Australia Group (IAG) and Suncorp Group (A+/Stable), which command over 50% of non-life premiums in Australia. The two insurers had already used a large portion of their retentions under aggregate reinsurance programmes in response to events leading up to the recent floods, which should allow them to cede losses to reinsurers faster. QBE Insurance Group (A-/Stable) will also be affected, albeit to a lesser extent, through its retail insurance operations.

#### **Nat CAT costs**

Frequent hailstorms, floods and bushfires are a key feature of the Australian non-life insurance market. Fitch estimates that higher-than-expected natural catastrophe costs added around 1.2pp to the combined ratios of IAG and Suncorp over the financial years from July 2018 to June 2021 (FY19-FY21) compared with 0.5pp over FY16-FY18. However, their underwriting profitability has been strong, with the combined ratio averaging 95% over FY19-FY21. Insurers have passed on high single-digit home insurance premium rate increases, especially following the bushfires in 2019-2020, partly reflecting higher reinsurance costs and rising claims inflation.





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IAG and Suncorp have both raised their natural hazard allowances as a result of the increased frequency and intensity of extreme weather events. Insurers typically set such allowances by combining their view of risk through modelled catastrophe losses with reinsurance programmes. Lately, insurers have placed more weight on recent events to reflect the changing weather patterns.

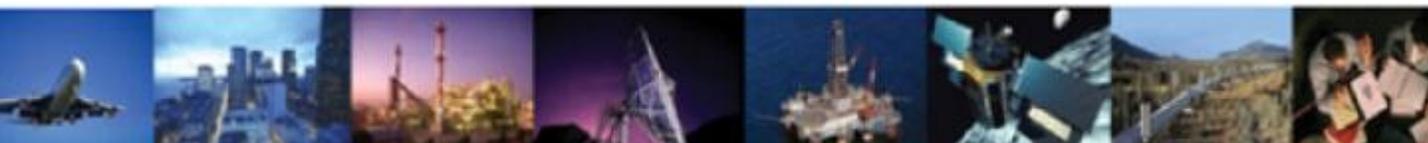
### **Capital strength**

Higher net exposure due to frequent extreme weather events, changes to reinsurance structures, or reduced reinsurance capacity, could affect Fitch's assessment of insurers' capital strength over the medium term. These could result in higher modelled probable maximum loss (PML) figures, which are a key input to Fitch's Prism capital model. Fitch does not expect a major change in gross PMLs due to recent floods, but changes to reinsurance structures due to higher pricing, especially for aggregate volatility cover, may push up net PML values.

Nonetheless, Fitch believes global reinsurers will continue to provide sufficient capacity to the Australian market, as it helps diversify their global insurance portfolios. The federal government is also finalising a A\$10bn reinsurance pool for cyclones and related flood damage in Northern Australia, which should reduce the burden on insurers and help improve premium affordability.

Fitch expects natural hazard mitigation and the affordability of insurance to receive attention in campaigning for the federal elections due before 21 May 2022. The ICA recently produced a set of proposals for the next government, including investment of A\$2bn in resilience and mitigation initiatives. Insurers have also advocated the removal of certain taxes and charges on insurance products to support affordability.

Source: Asia Insurance Review





## NATIONAL

### **Govt appoints former financial services secretary Debasish Panda as IRDAI chief**

Mr. Debasish Panda has been appointed as the chairman of the insurance regulator IRDAI for a period of three years. The post was lying vacant for close to 11 months since the departure of Subhash C. Khuntia. The country's insurance industry has 57 companies, including 24 life insurers and 34 non-life ones. Among the life insurers, LIC is the sole public-sector company. There are six public sector insurers in the non-life insurance segment with an estimated insurance market size of approx. US\$ 280 billion in the year 2020, the new chief is expected to work towards core mission of policy holder's interest, speeding up the processes and be supportive towards the growth of the sector.

Source: Financial Express

### **Health Insurance claims surge over 3.5 times in 2021**

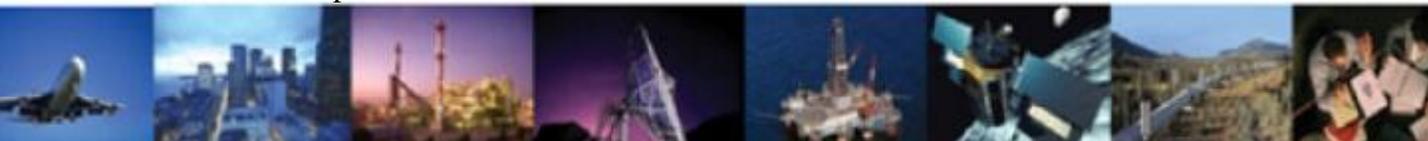
According to the study conducted by a private general insurer, it suggests that claims. The delta variant in the second wave caused higher hospitalizations across the country compared to the first wave of the pandemic in 2020. This led to a surge in overall health claims by 257% in 2021 compared to the previous year. Policyholders between the age group 25-35 and 36-45 reported the highest number of claims in 2021. A similar trend was seen in 2020 as well.

Source: LiveMint

### **General insurers already seeing surge in travel insurance demands**

Insurers expect a 'significant increase' in demands for travel insurance cover in the next couple of months, especially for leisure travels on the back of the approaching summer season and more countries lifting all remaining Covid restrictions. There has been a shift towards enhanced coverage and longer trip duration in both retail and corporate segments due to risks and challenges associated with travelling, coupled with mandatory quarantine rules and travel bans restricting return to home countries. Business travel is expected to be sluggish in its revival due to restrictions or mandatory regulations enforced by various countries, safety concerns for employees and digital alternatives like video/audio conferencing among others, with employers remaining cautious about the health of their employees and shift seen towards lower age band employees travelling for business purposes instead of the higher age band or the vulnerable ones.

Source: Financial Express





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## GLOBAL

### **Fire of the ship transporting luxurious cars: estimate of the cost of the losses**

The fire that broke out on 16 February 2022 off the coast of the Portuguese archipelago of the Azores, may have caused enormous material damage.

The Felicity Ace was on its way to the United States from Germany with nearly 4,000 luxury vehicles. The cargo included Porsches, Lamborghinis, Bentleys and Audis from the Volkswagen Group's factories.

According to the Russell Group consulting firm, the total value of the goods aboard is estimated at 438 million USD, 401 million USD of which involved vehicles. Volkswagen alone could incur 155 million USD in losses.

According to Skytek, the overall losses are likely to exceed 500 million USD.

Source: Atlas Mag

### **Insurance: Memorandum of Understanding between Egypt and Tunisia**

The Financial Regulatory Authority of Egypt (FRA) and the Tunisian General Insurance Committee (CGA) signed a Memorandum of Understanding (MoU) for a three-year term.

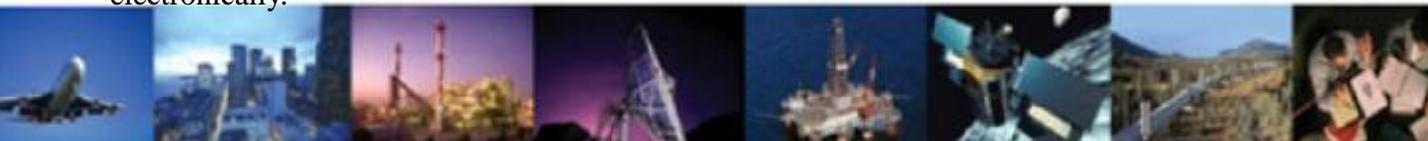
Under this agreement, both regulators aim to strengthen cooperation between the countries and exchange information in the insurance and reinsurance sector.

Source: Atlas Mag

### **MHRSD: Up to SR20,000 in fine for private firms per employee**

The Ministry of Human Resources and Social Development (MHRSD) stressed the need to provide health insurance for all Saudi and non-Saudi employees working in the private sector and their dependents. The ministry said that up to SR20,000 in fine would be slapped on private firms per employee if they failed to make available health insurance service.

Work is under way to establish an integrated link with the Health Insurance Council to detect cases of any employees who do not have medical insurance coverage and to deal with them electronically.





According to the ministry, the erring companies and establishments with 51 or more workers shall have to pay a fine amounting to a maximum of SR20,000 for each worker who is in the category of A but did not have insurance.

The maximum fine will be SR5,000 per worker for category B in establishments with number of workers between 11 and 50; and SR2,000 per worker for category C at establishments with 10 or less workers.

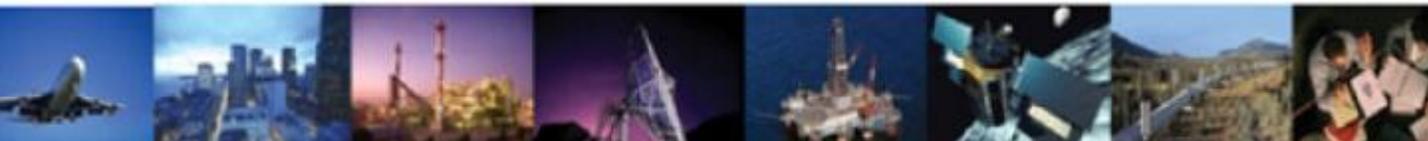
The ministry said that it is monitoring violations through its field and office monitoring visits, and immediately deals with reports received through the ministry's call center or "Together for Monitoring" application dedicated to dealing with reports and complaints related to violations of the Labor Law.

The ministry is organizing continuous campaigns, in coordination with the Health Insurance Council, to ensure that all the companies and establishments are complying with the provision of health insurance for their employees. There are a total of 10,070,879 people registered with health insurance policies in the Kingdom. There are 6,567,734 employees, including 1,500,220 Saudis and 5,067,514 non-Saudis, 2,146,090 Saudi dependents, and 1,357,055 non-Saudi dependents.

It is noteworthy that the Health Insurance Council organized recently the "Software Connectathon" event to empower insurance stakeholders, by facilitating the linking processes on the unified national health platform Nafis. It seeks to raise the level of quality and efficiency of services and transactions in the health insurance sector, and contribute to finding solutions to the problems faced by the insurance stakeholders.

The council is intensifying its efforts to promote digital transformation and the use of technical solutions, in accordance with its strategy, which attaches great importance to sustainability and innovation, in light of the participation of health insurance companies, service providers and linkage companies.

Source: Saudi Gazette





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## J.B.Boda Group of Companies

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

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**For any further enquiry regarding J.B.Boda Group kindly write to [jirafe.vinayek@jbbodamail.com](mailto:jirafe.vinayek@jbbodamail.com)**

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