MEDIAN

Oct 2022

J.B.BODA

NEWS AT J.B.BODA

ONAM is Kerala’s (southern part of India) unique festival.
Our J.B.Boda Kochi office had arranged an “Ona Sadya” (Onam feast) on the occasion.

PRIME STORY

Nat Cat Is A Real Growth Opportunity For Swiss Re

While many carriers look to lower the volatility of their book by cutting their property catastrophe exposure, reinsurance giant Swiss Re intends to grow further in the natural catastrophe space and sees this as a real growth opportunity, according to Group Chief Underwriting Officer (CUO), Thierry Léger.

Léger discussed opportunities in the current hardening market, explaining that Swiss Re intends to expand its portfolio.

“Where there are challenges, there are definitively also opportunities. In general, Swiss Re’s risk appetite remains large,” said Léger. “Looking at specific lines of business, we intend to further grow and diversify our natural catastrophe portfolio, as we believe this is a real growth opportunity for us.”

Global geopolitical tensions, the current macroeconomic landscape, and climate change have driven greater demand for risk protection. And, as risk awareness grows alongside exposures, it’s expected that demand for insurance and reinsurance will continue to rise across all businesses and regions.

For some, the recent loss and claims experience in certain regions, such as Florida, has been a real challenge to navigate, and pushed combined ratios into unprofitable territory. In response, many reinsurers have pulled back from the catastrophe space and sought growth in other areas in an effort to lower volatility and improve margins.

But for large, global reinsurers like Swiss Re, the challenges engulfing the catastrophe space also gives rise to opportunity. “While it has been challenging for the market to keep up with growing loss trends and weather-related risks such as secondary perils, we feel comfortable to underwrite this business thanks to our proprietary modelling capabilities,” said Léger.

He went on to explain that Swiss Re is both able and ready to grow its nat cat book further at the right conditions.

“We see nat cat as an attractive risk pool where we have good models and very long-term experience,” said Léger. “The recent years have been challenging so further improvements on the data, wording and pricing side will be required before putting more capital at risk.”

In light of current market dynamics it’s not surprising that the property space has been a hot topic throughout the year, and this was evident during discussions at RVS 2022 in Monaco. But it’s not the only line of business where Swiss Re sees opportunities. Another area with growth potential is the L&H protection gap. The pandemic has led to increased risk awareness and demand in this area.

At the same time, demand for protection is growing in specialty reinsurance following Russia’s invasion of Ukraine.

“Generally, we see specialty as attractive, as long as war-exposure is managed appropriately. Key market trends such as infrastructure investments and food security also present significant growth opportunities.

“The same is true for the accelerated energy transition timeline which requires risk knowledge for renewables,” said Léger.

Source: Reinsurance News

NATIONAL

Yet To Settle $56 Million Worth Of Crop Insurance Claims

Insurance companies in India have yet to pay out nearly 4.5 billion Indian rupees ($56 million) in insurance claims to farmers of the Indian state of Odisha for 2021 crop damage under the central government's flagship core insurance program, Prameya News reported. The state agriculture department has created a sub-committee to address the issue of pending insurance dues.

Source: Business Insurance

Regulator Studies Feasibility Of Agent Portability

The insurance regulator IRDAI may soon present new guidelines on policyholders changing their insurance agents.

In order to enhance customer experience, and make services better and more convenient for the insurance buyers, the IRDAI is planning for an agent portability option.

The agent portability option will not be restricted to general insurance only but shall be applicable to life insurance policies with a tenure of up to 20 years.

“If the policyholder is not satisfied with the service of an agent, he/she can change the agent and can select a new agent. In case of change of agent, the commission received on the premium will then be paid to the new agent, according to the report.

Source: AIR Team

J.B.BODA

GLOBAL

Reinsurance - 2 To 3% Global Growth By 2024

Munich Re expects the global reinsurance market to grow by 2 to 3% between 2022 and 2024. Latin America will be the driving force with a 4 to 5% growth over this period. The alternative risk transfer market does not show any sign of growth and the capital invested in it remains almost stable at 100 million USD.

The German reinsurer explains that the demand for reinsurance is on the rise, which will also contribute to the growth of the property and casualty activity. The market is however expected to face headwinds due to inflation, the rise in interest rates, the war in Ukraine and the depreciation of the euro against the dollar.

It should be recalled that some reinsurance activities have already been affected by the lack of capacity or even the absence of coverage. This is the case for natural catastrophes in Florida.

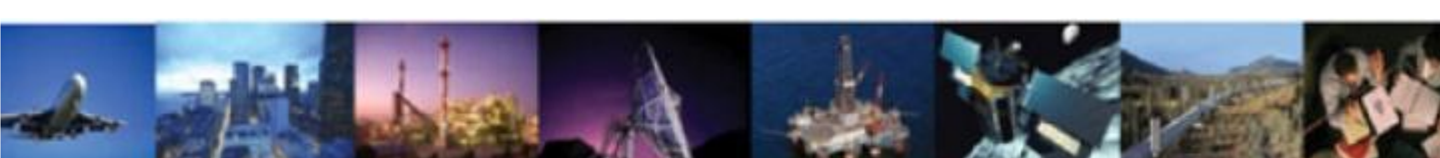
Source: Atlas Magazine

Lloyd's Reports Strong Underwriting Result In HY 2022 Results

Lloyd's of London announced an improved underwriting result for the first six months of 2022, with an underwriting profit of GBP 1.2 (HY 2021: GBP 0.96 billion) and a combined ratio of 91.4% (HY 2021: 92.2%).

Notwithstanding a challenging year of natural catastrophes, the invasion of Ukraine, inflation, and other geopolitical factors, this marks a 0.8% improvement on 2021 and the strongest combined ratio since 2015.

As a result of rising interest rates, Lloyd's reported an overall loss of GBP 1.8 billion (HY 2021: GBP 1.4 billion profit) driven by a net investment loss of GBP 3.1 billion (HY 2021: GBP 0.6 billion income) from unrealised mark-to-market losses. As investment maturities are short dated, the market will begin to benefit from higher interest rates in 2023 and therefore improved investment returns.



J.B.BODA

The attritional loss ratio improved to 48.9% (HY 2021: 50.5%), while the expense ratio showed a 0.4 percentage point improvement at 35.4% (HY 2021: 35.8%). Lloyd's expects expenses to continue falling as it delivers sustainable performance and invests in digitalization through its Blueprint Two programme to drive improved efficiency.

Lloyd's also leveraged favorable trading conditions to achieve premium growth, with Gross Written Premium (GWP) increasing 17.4% to GBP 24 billion (HY 2021: GBP 20.5 billion) and Net Earned Premium (NEP) increasing by 14.4% to GBP 14.1 billion (HY 2021: GBP 12.4 billion). Continuing the trend of five consecutive years of positive rate movement, prices increased by 7.7%.

Lloyd's continued to help global customers make more confident decisions in the face of unforeseen events. In line with the early and realistic action taken on COVID-19, the market has reserved GBP 1.1 billion net of reinsurance for customers impacted by the conflict in Ukraine. Lloyd's continues to work with governments and regulators around the world to deliver sanctions against Russia, while implementing the landmark facility announced by the market in July to insure ships recovering grain from Ukraine's ports.

Lloyd's capital and solvency positions remain strong with net resources at GBP 36.5 billion (FY 2021: (GBP 36.6 billion), underlining the exceptional strength and resilience of Lloyd's balance sheet. The central solvency and market solvency ratios, of 395% and 179% respectively (FY 2021: 388% and 177%), point to Lloyd's ability to continue supporting customers through uncertainty and challenging conditions.

Source: Xprimm

J.B.BODA

J.B.Boda Group of Companies

J.B.Boda & Co. Pvt. Ltd.	• 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.	• Non Life & Life Broking
J.B.Boda Insurance Surveyors & Loss Assessors Pvt. Ltd.	• 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.	• Protection & Indemnity Insurance Services Correspondents in India for : - Steamship Mutual Underwriting Association Ltd. (SMUA), London - Shipowners' Mutual Protection & Indemnity Association (SOP), Luxembourg

Head Office:

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

Telephone : + 91 22 6631 4949 / 6631 4917 * Telefax : + 91 22 2262 3747 / 2262 5112

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

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