

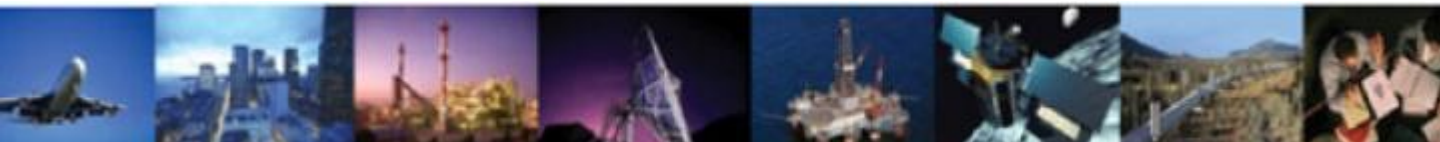
# MEDIAN

Dec 2022



## J.B.BODA

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**J.B.BODA**

**NEWS AT J.B.BODA**



A proud moment for J.B.BODA having entered into an agreement with IIRM – one of the pioneers in Insurance and Risk Management on 11<sup>th</sup> Nov. 2022 at J.B.Boda HO, Mumbai.  
(from left to right – Dr. V.V.K. Mohan, Mr. Suresh Mathur, Mr. K.V. Natarajan & Mr. Atul Boda)





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## PRIME STORY

### IRDAI Makes Sweeping Regulatory Reforms

The IRDAI is introducing reforms to create a progressive, supportive, facilitative and forward-looking regulatory architecture to promote "Insurance for All" by 2047.

The regulator says that its focus in the reform agenda is to strengthen the three pillars of the entire insurance ecosystem viz. insurance customers (policyholders), insurance providers (insurers) and insurance distributors (intermediaries) by

- making available the right products to the right customers;
- creating a robust grievance redressal mechanism;
- facilitating the ease of doing business in the insurance sector;
- ensuring the regulatory architecture is aligned with the market dynamics;
- boosting innovation, competition and distribution efficiencies while mainstreaming technology and moving towards a principle-based regulatory regime.

To these ends, some important proposals approved at the 120th Meeting of the Authority held at its headquarters in Hyderabad on 25 November 2022 are:

**Registration Of Indian Insurance Companies** - The amendments to regulations pertaining to the registration of Indian insurance companies aim to promote the ease of doing business and simplify the process of setting up an insurance company in India.

**Investments In Insurance Companies** - Key highlights of the amendments relating to investments in insurance companies are -

1. Investment through a Special Purpose Vehicle (SPV) is made optional for Private Equity (PE) funds enabling them to directly invest in insurance companies, providing more flexibility
2. Now, subsidiary companies are also allowed to be promoters of insurance companies (subject to certain conditions)
3. Those who singly invest up to 25% of the paid-up capital of an insurance company (50% for all investors collectively) will now be treated as an ‘investor’ and those who invest over and above that will be treated as ‘promoter’. [The previous threshold was 10% for a single investor and 25% for all investors collectively]
4. A new provision has been introduced to allow the promoters to dilute their stake down to 26%, subject to the condition that the insurer has a satisfactory solvency record for the preceding five years and is a listed entity
5. Indicative criteria for the determination of the ‘fit and proper’ status of investors and promoters are included in the regulations
6. The lock-in period of investments in an insurer by investors and promoters is based on the age of the insurer.





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**Increase In Tie-Up Limits For Intermediaries** - To provide policyholders/prospects with wider choice and access to insurance through various distribution channels and to facilitate the reach of insurance to the last mile, the maximum number of tie-ups for Corporate Agents (CAs) and Insurance Marketing Firms (IMFs) is increased. Now, a CA can tie up with nine insurers (previously, three insurers) and an IMF can tie up with six insurers (previously, two insurers) in each line of business—life, general and health—for the distribution of their insurance products. The area of operations of IMFs has also been expanded to cover the entire state in which they are registered.

**Regulatory Sandbox** - Certain amendments are made to the Regulatory Sandbox Regulations to allow insurers/intermediaries to experiment on an ongoing basis by lengthening the experimentation period from six months to 'up to 36 months'. In addition, clearances/approvals are shifted from the existing batch-wise (cohort approach) to a continuous basis. A provision for the review of rejected applications in the sandbox has also been introduced as a part of the amendments.

**Other Forms Of Capital** - To facilitate the ease of raising other forms of capital viz., subordinated debt and/or preference shares, the requirement of prior approval from IRDAI is dispensed with. The amendments made have also increased the limits for raising such capital (threshold limits increased from 25% to 50% of paid-up capital and premium, subject to 50% of the net worth of the insurance company). This will enable insurers to raise the required capital in a timely manner. Amendments have been introduced for board oversight in raising such capital.

**Appointed Actuary (AA)** - To ensure a sufficient pool of actuary professionals in the industry, the IRDAI has made actuarial experience and qualification requirements more flexible. Given that the maintenance of solvency by insurers is a critical aspect of the health of an insurer and that AAs play a significant role in maintaining solvency levels, the responsibilities of AAs have been increased by introducing provisions for the identification, monitoring, reporting and recommending of actions to be taken for risks affecting the solvency position of the company. Obligations have also been placed on insurers to ensure that the AA can discharge his responsibilities appropriately.

#### **Solvency Norms For General Insurers -**

To facilitate the insurers to efficiently utilise their capital and resources and to increase insurance penetration in crop insurance, the period for considering state/central government premium dues for the calculation of the solvency position has been increased from 180 days to 365 days. The solvency factor related to crop insurance is also reduced to 0.50 from 0.70 which will release the capital requirements for insurers by around INR14.6bn (\$179m).

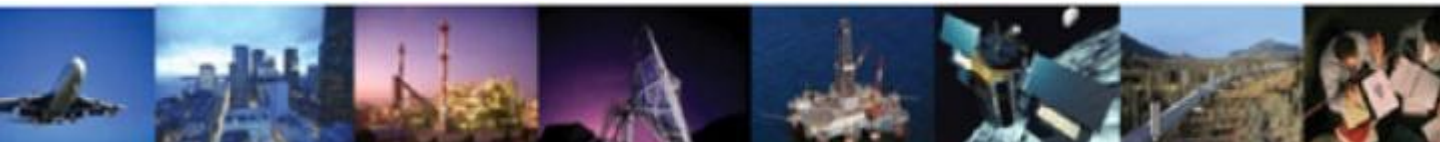
#### **Solvency Norms For Life Insurers -**

To enable efficient utilisation of capital by life insurers, the factors for calculation of solvency provided in regulations are revised as follows -

1. For Unit Linked Business (Without Guarantees) - reduced to 0.60% from 0.80%.
2. For the government-backed life insurance scheme Pradhan Mantri Jeevan Jyoti Bima Yojana - reduced to 0.05% from 0.10%.

This will free up around INR20bn in capital requirements.

Source: AIR Team





## NATIONAL

### IRDAI Proposes Revamp Of Reinsurance Regulations

The IRDAI has revised an exposure draft on reinsurance business to harmonise the provisions of various regulations applicable to Indian insurers and reinsurers including foreign reinsurance branches (FRBs) and Lloyd's India, and to enhance the ease of doing business.

Some of the salient features of the revised draft Regulations are as follows:

**Effective Date** - The Amended Regulations shall be applicable from 1 April 2023.

**Minimum Retention** - Every Indian reinsurer and FRB shall maintain a minimum retention within India of 50% of Indian reinsurance business underwritten. Any retrocession to an IIO (International Financial Service Centre Insurance Office) up to 20% of Indian reinsurance business underwritten shall be reckoned towards the required minimum retention of 50%.

**Reinsurance Terms** - Every cedant shall abide by the following provisions whilst seeking the best reinsurance terms:

- A. Every cedant shall first obtain lead terms from at least three “Category 1” reinsurers. In the event a cedant has been unable to secure lead terms from three “Category 1” reinsurers, the cedant shall maintain on record the evidence of having approached all “Category 1” reinsurers.
- B. No cedant shall seek terms from cross-border reinsurers (CBRs) or IIOs having a credit rating below ‘A-’ from Standard & Poor or an equivalent credit rating from any other major International Rating Agency.

**Category-1 reinsurers** are Indian reinsurers, FRBs, including Lloyd’s India, and IIOs.

Other than for facultative reinsurance protection, no cedant shall seek terms from any Indian insurer that is not registered with the Authority exclusively to transact reinsurance business.

**Cession Limits** - Reinsurance placements with CBRs by Indian insurers transacting other than life insurance business shall be subject to the following overall cession limits during a financial year.





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Rating of the CBR as per Standard & Poor or equivalent	Maximum overall cession limits allowed per CBR
Greater than A+	Such amount as may be specified by the Authority from time to time or 30%, whichever is higher. [Currently: INR2bn (\$24.5m)]
Greater than BBB+ and up to and including A+	20%
BBB & BBB+	10%
<b>Explanation:</b> The above percentages are to be calculated on the total reinsurance premium ceded outside India to all CBRs.	

**Submissions** - The submission timeline for the final reinsurance programme to the Authority is increased from 30 days to 45 days from the commencement of the financial year.

Within 90 days from the commencement of the financial year, the insurer has to submit to the Authority a certification from its CEO confirming that all reinsurance treaty agreements associated with the reinsurance programme for the financial year have been received in original, duly stamped and signed, from all reinsurers.

The IRDAI released the first draft of the IRDAI (Re-insurance) Regulations, 2018 on 21 October 2022. Detailed consultations were held with the stakeholders on the draft. Based on the feedback received, the draft Regulations were modified and the IRDAI is seeking feedback on the current revised draft with the deadline set as 16 December 2022.

Source: AIR Team





## GLOBAL

### All The Latest Insurance Company Hurricane Ian Estimates Plus NFIP

With third-quarter earnings reports for publicly traded companies slowing down to a trickle, and FEMA publishing an estimate of NFIP last Friday, Carrier Management has updated a company-by-company list of Hurricane Ian estimates.

The latest figures tally to \$20.2 billion (as of Nov. 13), excluding the Federal Emergency Management Agency’s estimate of \$3.5 billion-\$5.3 billion for the National Flood Insurance Program. Including a \$4 billion estimate for NFIP, the total including NFIP is just over \$24 billion. (The midpoint of FEMA’s range is \$4.4 billion, but a media statement indicates that the reinsurance program has a \$4 billion trigger.)

With no figures available for large national mutual companies, such as State Farm, the largest estimates on our list are generally associated with reinsurers and Citizens. Excluding NFIP, the largest single estimate is Berkshire Hathaway’s \$2.7 billion, which consists of \$600 million for GEICO, \$600 million for other primary operations, and \$1.5 billion for the reinsurance operations.

Although Berkshire’s property/casualty reinsurance operations had the largest share of the total, reinsurance turned in a small profit for the conglomerate, while the GEICO and the rest of he primary operations reported combined ratios of roughly 108.

As of Nov. 18, Carrier Management’s running tally also includes a \$2.650 billion figure for Lloyd’s, the average of a \$2.3 billion-\$3 billion range announced by Lloyd’s earlier in the day. Hurricane Ian Loss Estimates By Carrier (\$ Millions):

Date	Company	Net	Reference article
11/15/2022	Citizens Property Insurance Corp.	2,400.0	Florida Citizens’
	Revises Ian Loss Estimate to \$3.8B, Including Litigation Expenses (insurancejournal.com)		
10/12/2022	United Insurance Holdings Corp.	36.4	United Insurance
	Holdings Corp. Announces Estimated Losses From Hurricane Ian   Business Wire		
10/13/2022	Heritage Insurance Holdings #	40.0	Heritage Provides
	Estimated Impact of Hurricane Ian – Oct 13, 2022 (heritagepci.com)		





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Date	Company	Net	Reference article
10/13/2022	Progressive Corp. A Bundle: Nearly \$2.0B Gross Ian Losses; \$760M Net (carriermanagement.com)	785.0	Progressive Loses
10/14/2022	RLI Corp.* Hurricane Ian Loss Estimates   Business Wire	40.0	RLI Announces
10/18/2022	Swiss Re Hurricane Ian Claims to Bring Q3 Loss (carriermanagement.com)	1,300.0	Swiss Re Expects
10/19/2022	Allstate Net Loss; Auto Reserve Boosts More Damaging Than Ian (carriermanagement.com)	360.0	Allstate Sees Q3
10/19/2022	Arch Capital ** Ltd. Announces Catastrophe Loss Estimates   Business Wire	545.0	Arch Capital Group
10/19/2022	Everest Re Preliminary Impact of Third Quarter 2022 Catastrophe Events   Business Wire	600.0	Everest Announces
10/19/2022	RenaissanceRe Announces Estimated Net Negative Impact on Third Quarter 2022 Results of Operations   Business Wire	540.0	RenaissanceRe
10/19/2022	Travelers Corp. Income Falls 31% (insurancejournal.com)	326.0	Travelers Q3 Net
10/20/2022	AXIS Capital Comments on Impact of Catastrophe and Other Weather-Related Losses on Third Quarter 2022 Financial Results   Business Wire	160.0	AXIS Capital
10/20/2022	Cincinnati Financial Financial Corporation Announces Preliminary Estimate for Third-Quarter Storm Losses (prnewswire.com)	220.0	Cincinnati
10/20/2022	The Hanover Estimates Third Quarter Catastrophe Losses and Preliminary Results (prnewswire.com)	28.0	The Hanover
10/23/2022	Munich Re Estimates \$1.6B Hit From Hurricane Ian Could Affect 2022 Targets (carriermanagement.co)	1,600.0	Munich Re
10/24/2022	W. R. Berkley ** On Professional Lines, Firing Up Property Cat Re Engines (carriermanagement.co)	94.0	Berkley Cooling
10/25/2022	Chubb Numbers: Net Income Falls on Realized Losses; P/C Profits Up 15% (carriermanagement.co)	975.0	Chubb's Q3
10/27/2022	The Hartford Down 30% at The Hartford; \$214M in Ian Losses (carriermanagement.co)	214.0	Q3 Net Income







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Date	Company	Net	Reference article
10/27/2022	Kinsale+ Group, Inc.   Kinsale Capital Group Reports Third Quarter 2022 Results	26.0	Kinsale Capital
10/31/2022	CNA Drop in Q3 Net Income (carriermanagement.co)	87.0	CNA Records 50%
11/1/2022	AIG Results With \$450M in Losses From Ian (insurancejournal.com)	450.0	AIG Reports Q3
11/1/2022	James River Announces Third Quarter 2022 Results (globenewswire.com)	5.0	James River
11/1/2022	Markel Drops on Investments but Insurance ‘Solidly Profitable’ (carriermanagement.co)	70.0	Markel Q3 Income
11/2/2022	American Financial Group Group, Inc. Announces Third Quarter Results and Declares Special Dividend   Business Wire	39.0	American Financial
11/2/2022	AXA – Press release – 9M22 Activity Indicators (axa-contento-118412.eu)	414.0	2022-11-02 – AXA
11/2/2022	Greenlight Re Earnings 2022 Q3 (greenlightre.com)	19.5	Press Release
11/2/2022	Hiscox Ltd statement   Hiscox Group	135.0	Q3 2022 trading
11/2/2022	Kemper** Third Quarter 2022 Operating Results   Business Wire	27.0	Kemper Reports
11/2/2022	Selective Third Quarter 2022 Results, Including Net Income of \$0.66 per Diluted Common Share and Non-GAAP Operating Income(1) of \$0.99 per Diluted Common Share (prnewswire.com)	10.0	Selective Reports
11/2/2022	SiriusPoint SiriusPoint reports year-over-year improvement of underwriting results and simplifies operating platform (siriuspt.com)	80.1	SiriusPoint Ltd. –
11/3/2022	Fairfax Financial Holdings Financial Holdings Limited: Financial Results for the Third Quarter	560.0	Fairfax – Fairfax
11/3/2022	Lancashire Insurance* Presentations (lancashiregroup.com)	175.0	Results, Reports &
11/3/2022	Liberty Mutual release1.pdf (libertymutualgroup.co)	835.0	q3-2022-earnings-
11/5/2022	Berkshire Hathaway Hathaway Reports \$2.7B Loss in Third Quarter (carriermanagement.co)	2,700.0	Berkshire





Date	Company	Net	Reference article
11/7/2022	Argo Group Reports Third Quarter 2022 Results   Business Wire	4.2	Argo Group
11/7/2022	White Mountains MOUNTAINS REPORTS THIRD QUARTER RESULTS (prnewswire.com)	51.0	WHITE
11/8/2022	Lemonade SEC Filing	2.2	Lemonade 10Q
11/9/2022	Kin Maintains Steady Year-Over-Year Growth in Third Quarter, Increasing 151% Year-to-Date   Kin Insurance	2.5	Kin Insurance
11/9/2022	PartnerRe Reports Third Quarter 2022 Results – PartnerRe	300.0	PartnerRe Ltd.
11/9/2022	SCOR 2022 results   SCOR	289.0	First nine months
11/9/2022	Zurich Expects \$550M Hit From Hurricane Ian, but On Track to Beat Targets (insurancejournal.com)	550.0	Zurich Insurance
11/10/2022	Hippo shareholders-2022-Q3-v8[47].pdf (q4cdn.com)	4.7	Hippo-
11/11/2022	Beazley plc PLC -Trading statement (investis.com)	120.0	REG – Beazley
11/18/2022	Lloyd's More Than \$2B (carriermanagement.com)	2,650.0	Lloyd's Ian Claims
as of <b>11/13/2022</b>	<b>Total Incl NFIP</b>	<b>20,155.6</b>	
11/10/2022	NFIP* \$3.5-\$5.3B NFIP Losses for Hurricane Ian	4,000.0	FEMA Projects
as of <b>11/13/2022</b>	<b>Total Incl NFIP</b>	<b>24,155.6</b>	

\* Range of net losses provided by company; CM used the midpoint

\*\* Includes catastrophes other than Ian

+ Approximate: Estimated based on loss ratio points and earned premium

**Note:** Loss figure of \$2.6 billion used for Citizens assumes no reinsurance recoveries.

In aggregate, the tally as of mid-November still falls far below industrywide estimates of Hurricane Ian losses put out by modeling firms and rating agencies in the days following Ian's landfall, which average to around \$55 billion.





### Hurricane Ian Industrywide Loss Estimates (\$ Billions) –

Date	Company	Low	High	Best Est.	Article Link/Notes
9/30/2022	KCC	63,000.0	63,000.0	63,000.0	KCC Estimates Near \$63B in Hurricane Ian Insured Losses (insurancejournal.com) / Onshore; Excludes NFIP
10/3/2022	Verisk	42,000.0	57,000.0	49,500.0	Verisk: Up to \$57B Insured Losses from Hurricane Ian (insurancejournal.com) / Excludes NFIP
10/6/2022	CoreLogic	31,000.0	53,000.0	42,000.0	Insured Damages From Hurricane Ian \$31-\$53B: CoreLogic (insurancejournal.com) / Includes NFIP; Excludes Demand Surge
10/7/2022	RMS	53,000.0	74,000.0	67,000.0	New and Revised Ian Loss Estimates, Images of Property Damage Published (carriermanagement.com) / Excludes NFIP
10/7/2022	RMS NFIP only	10,000.0	10,000.0	10,000.0	RMS Range of Insured Losses From Ian \$53-\$74B, 'Best Estimate' of \$67B (insurancejournal.com) / NFIP Only
9/29/2022	Fitch	25,000.0	40,000.0	32,500.0	Unrated Insurers at Risk From Ian; Reinsurers Impacted: Fitch (carriermanagement.com) / NFIP Reinsurance Only
9/30/2022	S&P	30,000.0	40,000.0	35,000.0	Ian Insured Loss Estimates Rise: New High Over \$60B (carriermanagement.com)
10/14/2022	Citizens CEO	30,000.0	67,000.0	48,500.0	Information provided via email / Gilway: overall industry losses will be on the lower end of a \$30-\$67B
10/13/2022	Stonybrook	75,000.0	75,000.0	75,000.0	Stonybrook Capital Says Hurricane Ian Is Largest-Ever Insured Loss Event at Over \$75B (insurancejournal.com)
10/18/2022	Swiss Re	50,000.0	65,000.0	57,500.0	Swiss Re Expects Hurricane Ian Claims to Bring Q3 Loss (carriermanagement.com) / Includes NFIP
10/17/2022	Fitch	35,000.0	55,000.0	45,000.0	This article
as of 10/17/2022	<b>Average</b>	<b>46,555.6</b>	<b>62,111.1</b>	<b>54,722.2</b>	

CM and IJ staff reports. Aon report summarized by Insurance Journal's L.S. Howard

Source: Insurance Journal





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## 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

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- Non Life & Life Broking

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- Superintendent Services
- Tank Calibrators, Samplers & Analysts
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- Protection & Indemnity Insurance Services Correspondents in India for :
  - Steamship Mutual Underwriting Association Ltd. (SMUA), London
  - Shipowners' Mutual Protection & Indemnity Association (SOP), Luxembourg

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