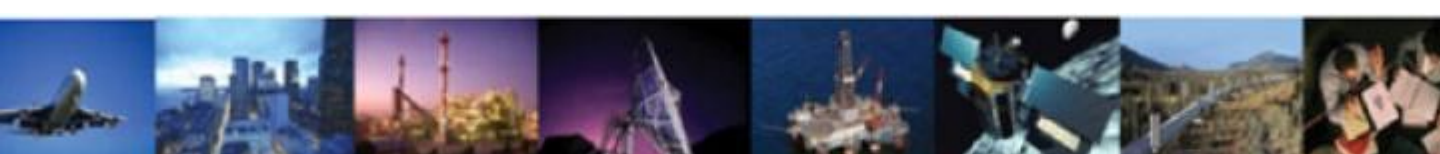
MEDIAN

Mar 2023

J.B.BODA



NEWS AT J.B.BODA

"Technology-aided value adds have become an integral part of the reinsurance business. Let it be Rule Engine, Underwriting Manual, Predictive models in pricing or embedded products, all of it is playing an important role in the expansion of the reinsurance market."

Rohit Boda
Group Managing Director
J. B. Boda Insurance & Reinsurance Brokers Pvt. Ltd.

About Rohit

Rohit A. Boda joined the J.B.Boda Group in 2011 and is currently the Group Managing Director. He is a service-focused broker who believes in utilizing opportunities from risks through strategic investment and visionary thinking. With a decade of industry experience and knowledge inherited from his family's reinsurance broking business, he has a strong understanding of the industry.

During his tenure, Rohit has made significant contributions to the Group, including introducing Agriculture Re/Insurance, expanding the Health and Medical team, creating PROTECT, an in-house (re) insurance software, collaborating with the Institute of Risk Management, and leading a think-tank established at the Group's Mumbai headquarters.

He has received numerous accolades, including being awarded 'Young Broker of the Year' by Insurance Asia News in 2020 and 2021, and has been interviewed by various publications such as Reinsurance News, CNBC, Business Life, and Asia Insurance Review. He has been recognized as the youngest millennial in the insurance industry.

In addition to his work with the Group, Rohit also focuses on team building investing in the right manpower, motivate team growth, and retain employees. His vision for the Group's future is to continue the legacy of the J.B.Boda Group with transparency, a forward-thinking approach, and the goal to establish a global presence in the reinsurance and insurance broking industry.

Q. J B Boda Group has a rich legacy of more than 75 years as one of the most renowned Re Insurance Brokers. Please brief us about your journey and future Plans.

A: The J.B.Boda Group has a history going back more than 8 decades. Due to our constantly changing procedures, we are happy to refer to ourselves as a 79-year-old Start-Up. The J.B.Boda Group was conceived in the coastal city of Porbandar and eventually became a reality. The start of reinsurance broking in India came as we relocated to Mumbai, the nation's financial hub.

Our long-term goal is to expand into previously untapped markets. Our most recent endeavour, Walnnut (our web platform for retail insurance), was a step toward our goal.

Additionally, we want to grow our reinsurance business internationally. We are now researching the blockchain sector and hope to grow there as well.

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Q. Insurance Regulator has been very proactive in the last few months and is spearheading major reforms after opening up the industry in the year 2001. It has envisioned a doubling of penetration in the next 5 years. How do you view the current developments in the Insurance industry in India?

A: Major reforms are being spearheaded by IRDAI quite actively, and over the past 12 to 18 months, we have witnessed several new breakthroughs. All brokers, insurance companies, and reinsurance firms have embraced their aim of insuring all of India (or the country) by the year 2047 with the highest honesty. It is undeniably a tried-and-true project, so businesses will need to step up their game to keep up. In this circumstance, breaking into Tier 2/3/4 cities would be the biggest obstacle. By speaking to them in their native tongues and reaching out to as many rural places as we can, I believe we can take on this issue head-on.

Q. The global Reinsurance market size is projected to reach US$ 315360 million by 2028, from US$ 279860 million in 2021, at a CAGR of 1.7% during 2022-2028. What is the overall reinsurance scenario around the world? Do you see any hardening of rates in the current year?

A: When Hurricane Andrew hit the U.S.A. in 1992, it killed dozens and caused an estimated USD 15.5 billion in total insured losses and resulted in the insolvency of 11 insurance companies. Andrew, the costliest natural disaster in U.S. history at the time, fundamentally altered how (re)insurers handle hurricane risk, fueling the expansion of the newly developing catastrophe modelling sector and ultimately inspiring the creation of the asset class known as insurance-linked securities. Many years later, The Russia-Ukraine War exhibits a comparable impact and has changed the world narrative.

Following this, we do observe Investors in the ILS market exercising caution, and some are at a standstill. Along with terms, prices, conditions, layer choosing, and other regulatory adjustments, The programme for the throwback session

Q. How do you view the current Reinsurance Market in India? What role India can play as a Reinsurance hub in the South East Asian region.

A: India is one of the fifth largest economies globally, with a growth rate of 8.7% We are a developing economy which allows the insurance sector to penetrate more markets and come up with innovative and creative solutions from the risk management perspective.

The vision of Mr Narendra Modi is to make Gujarat International Finance Tech-city (GIFT) SEZ, India's first International Financial Services Centre (IFSC) an economic hub. With this, various stakeholders are invited to invest in the country. Not only in Southeast Asian regions but all of India has the power to become a global reinsurance hub.

In fact, currently, the business that goes out of India can be developed within the country. There are great opportunities opening up and I'm eager to witness the growth.

Q. 2021 Global Insurance Market Report (GIMAR) finds that more than 35% of insurers' investment assets (including equities and corporate debt, loans and mortgages, sovereign bonds and real estate) could be considered "climate-relevant", i.e. exposed to climate risks. Climate change also exposes insurers to heightened financial risks. More frequent and intense weather events can lead to higher claims and reduce the value of property investments. How Reinsurance Industry is geared to face the challenge.

A: Climate change is of grave concern. Extreme heat and wildfires are being seen in certain areas, while cold weather, fatal cyclones, and floods are being experienced in other areas. Due to the nature of their industry, reinsurers are concurrently exposed to many climatic hazards.

Due to the accumulation of people and property in the regions most impacted by climate change, insured values have increased as a result of population growth in areas vulnerable to drought, flooding, sea level rise, and hurricanes, as well as urban density and general economic growth. As a result, losses that were anticipated to occur over a period of five to six years or even decades have occurred in a single year.

Property, motor crop and livestock, professional liability, workman's compensation, and health are some of the important classes which could be affected by climate change.

Additionally, climate change has increased the number of secondary peril insurance losses. Hail, floods, tsunamis,

storm surges, and bushfires (in Australia, California, and southern Europe), which cause small to moderate damage, have become more severe in recent years.

Reinsurers take a number of actions to reduce this risk. Reassessing the risk modelling, for instance, can help them accurately calculate losses and factor them into risk pricing. Additionally, they are concentrating on ancillary risks as their severity rises and they start to bias models of natural disasters.

Q. Do you see any major change in the trend of Reinsurance Covers being offered around the world? Any innovative product/coverage being available for Insurers.

A: Reinsurance covers being offered have to match the changing risk arrangement of the companies and that has to be matched with the innovative products today. There is new tech emerging across the globe in the form of blockchain. So, the market is flooded with ideas about insuring and reinsuring in the Blockchain industry. Primarily, I believe all stakeholders have to work in harmony to understand the market and understand the complexity of risk to bring about innovations.

From another angle, cyber extortion, threat, terrorism, robot attack, and jack ware attack are areas of great concern, scope and opportunity to work when it comes to insurance and reinsurance.

Apart from this, India being an Agrarian economy, there is a huge scope and opportunity to work on innovative products for this sector. Certain states do not have insurance coverage for farmers, which opens up another opportunity.

Q. It is being heard that IRDAI may reduce the obligatory cession of premiums to GIC Re to NIL. What impact it may have on the growth of the local Reinsurance Market. For the Year 2021-22, Indian Market Non-Life Premium was INR 220,000 Crore and GIC's Domestic Market Premium was INR 28,019 Crore

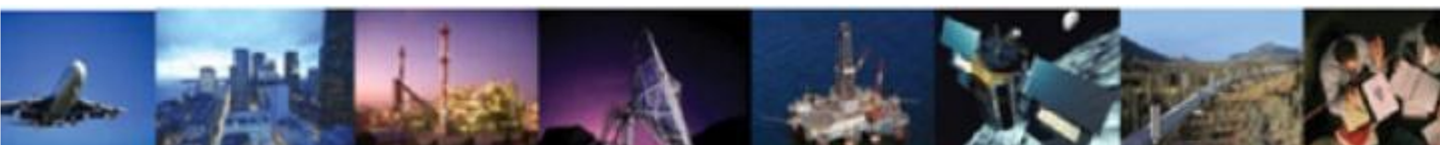
A: This question has multi-fold elements as follows:

1. Indian reinsurer gets obligatory cession of 4% currently. If we consider the Indian market premium of INR 225,000 Crore. 4 % of obligatory cession equates to INR 9,000 Crore. Indian reinsurer's total domestic premium is approximately INR 30,000 Crore which means almost 30 % of the top-line drop.
2. However, Indian companies are free to arrange quota share arrangements with Indian reinsurers if they wish so. For the past few years, the market has seen such voluntary quota share arrangements for specific classes. As such, the Indian reinsurer will try to safeguard its top line as much as possible.
3. Indian reinsurer has deep-rooted relations with Indian insurance companies and has supported the Indian market in many ways.
4. Branches of foreign reinsurers in India have also shown willingness for supporting Indian companies as per their appetite.
5. For the Indian insurance companies, doing away with obligatory cession will have little impact as the current cession is a mere 4 %.
6. Companies will also have the freedom to negotiate commercial terms as currently, the Indian regulator decides the minimum commission payable by reinsurers to compensate acquisition costs of Indian insurance companies.

Q. Insurance and reinsurance companies are increasingly focusing on technology for improving operational efficiency to help sustain or increase profitability in today's market. How technology can play a bigger role in the development and expansion of the reinsurance market around the world.

A: The reinsurance industry is a data-hungry and file-driven industry. Nowhere is friction more prevalent than in reinsurance. It is facing several challenges like inefficiency, contract uncertainty and operational risk. There are multiple parties involved like insurers, brokers, reinsurers and more. They are using different systems and communicating about contracts via a wide range of channels. It consists of business networks with many separate companies using different technologies, interacting largely via phone and email, and encumbered with inefficient file management and reconciliation processes. The result is high costs, errors and slow turnarounds which impacts the end customer experience. Due to the high degree of manual processing and reconciliation, the value chains across the insurance industry are impeded.

Technology-aided value adds have become an integral part of the reinsurance business. Let it be Rule Engine,



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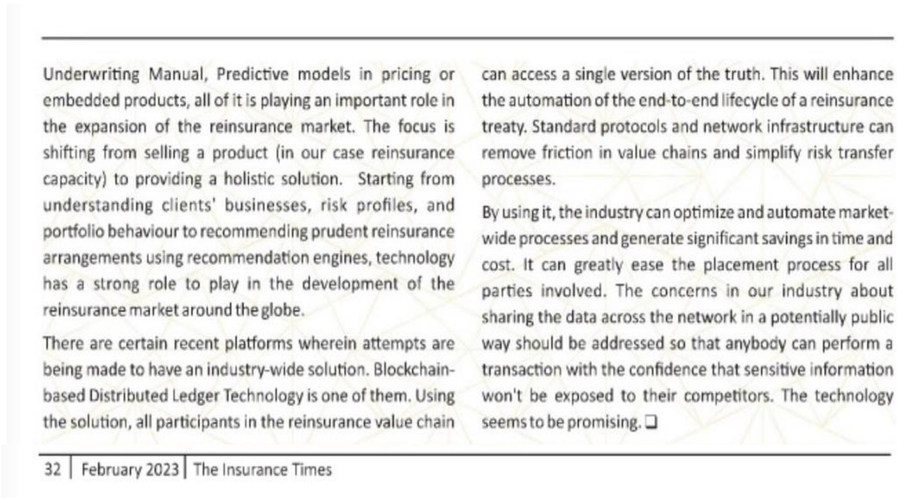

Underwriting Manual, Predictive models in pricing or embedded products, all of it is playing an important role in the expansion of the reinsurance market. The focus is shifting from selling a product (in our case reinsurance capacity) to providing a holistic solution. Starting from understanding clients' businesses, risk profiles, and portfolio behaviour to recommending prudent reinsurance arrangements using recommendation engines, technology has a strong role to play in the development of the reinsurance market around the globe.

There are certain recent platforms wherein attempts are being made to have an industry-wide solution. Blockchain-based Distributed Ledger Technology is one of them. Using the solution, all participants in the reinsurance value chain can access a single version of the truth. This will enhance the automation of the end-to-end lifecycle of a reinsurance treaty. Standard protocols and network infrastructure can remove friction in value chains and simplify risk transfer processes.

By using it, the industry can optimize and automate market-wide processes and generate significant savings in time and cost. It can greatly ease the placement process for all parties involved. The concerns in our industry about sharing the data across the network in a potentially public way should be addressed so that anybody can perform a transaction with the confidence that sensitive information won't be exposed to their competitors. The technology seems to be promising. ❑

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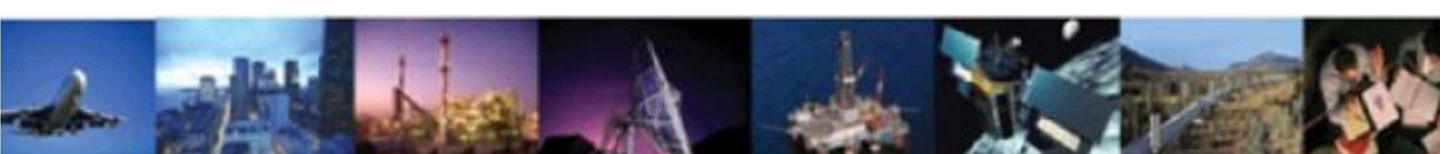
Mr. Rohit Boda was featured on the cover of The Insurance Times – February Edition, a prestigious journal in the insurance industry.

The article highlights his vision for the company, future roadmap, and assessment of industry trends including the impact of climate change, innovation through blockchain, and technology's role in improving operational efficiency.

“Technology-aided value adds have become an integral part of the reinsurance business. Let it be Rule Engine, Underwriting manuals, Predictive Models in pricing or embedded products, all of it is playing an important role in the expansion of the reinsurance market” – Mr. Rohit A. Boda, Group Managing Director, J.B.BODA GROUP

Read the article at https://online.flipbuilder.com/yojw/jsbe/ or You can also find the below link to his LinkedIn page: https://www.linkedin.com/posts/rohitboda_blockchain-india-technology-activity-7031483293761945600-JG1x



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PRIME STORY

The CIMA Zone Insurance Market

CIMA In 2020

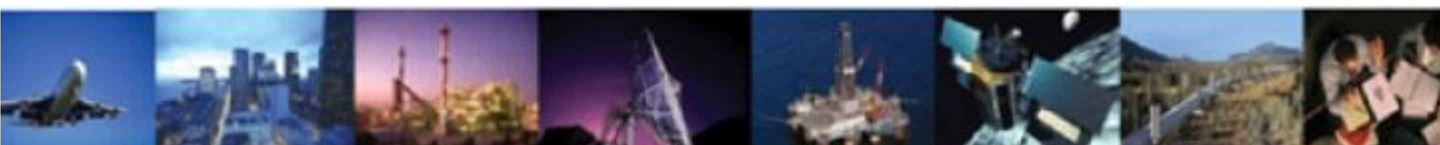
- Penetration rate: 1%.
- Density: 13.64 USD.
- Life and non-life premiums: 1369 billion FCFA (2.561 billion USD).
- Life premiums: 484 billion FCFA (905 million USD).
- Non-life premiums: 885 billion FCFA (1.656 billion USD).
- Non-life combined ratio: 80.2%.
- Number of licensed insurance companies: 177.
- Number of reinsurance structures (including regional or foreign subsidiaries and outlets): 19.
- Total number of license withdrawals: 37 (since the establishment of CIMA).
- Number of employees of insurance and reinsurance companies: 7558.
- Investments made by all insurers: 2747.94 billion FCFA (5.138 billion USD).
- Average rate of return on investments: 3.5% in non-life insurance and 2.9% in life insurance.

CIMA: Premium Evolution Per Life And Non-Life Class Of Business

From 1995 to 2020, insurance activity in the CIMA zone, all classes of business combined, was multiplied by six. During the same period, life premiums increased ten times, while non-life premiums went up fivefold[1].

The share of life insurance in total premiums has increased by 75% in 26 years, from 20% in 1995 to 35% in 2020, while non-life insurance has declined (80% in 1995 versus 65% in 2020).

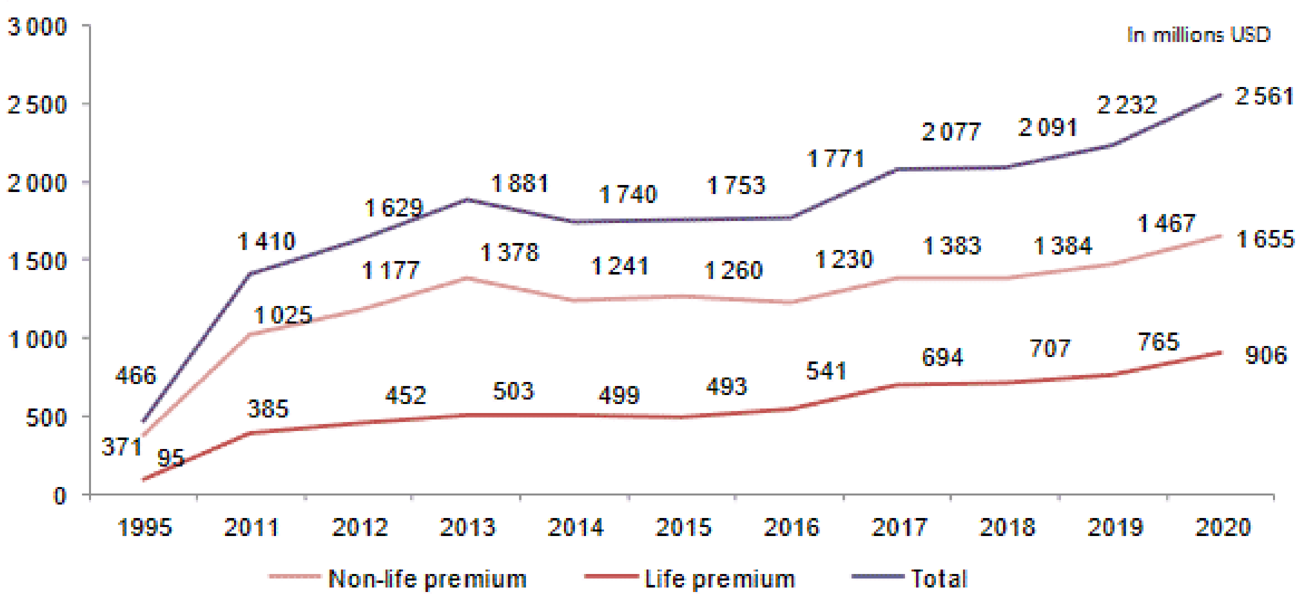
Premiums	1995	2011	2020	1995/2020 evolution [2]	2011/2020 evolution [2]
Life	95 million USD (46.922 billion FCFA)	384 million USD (199.286 billion FCFA)	905 million USD (484.192 billion FCFA)	932%	143%
Non-life	371 million USD (181.789 billion FCFA)	1.025 billion USD (531.341 billion FCFA)	1.656 billion USD (884.892 billion FCFA)	386.7%	66.5%



Premiums	1995	2011	2020	1995/2020 evolution (2)	2011/2020 evolution (2)
Total	466 million USD (228.711 billion FCFA)	1.409 billion USD (730.627 billion FCFA)	2.561 billion USD (1 369.084 billion FCFA)	498.6%	87.4%
Life insurance shares	20%	27%	35%	-	-

(1) Evolution in FCFA

Life and non-life premium evolution: 1995-2020



(1) Evolution in FCFA

CIMA : Life And Non-Life Premium Evolution Per Country

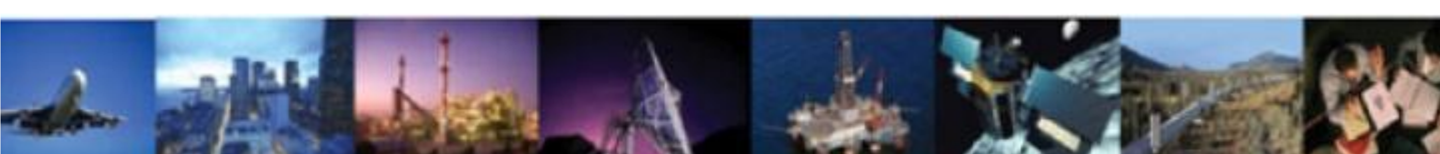
With a 30% market share in 2020, Côte d'Ivoire is the undisputed leader in the CIMA zone, with Cameroon and Senegal trailing in second and third place respectively. This top three is followed by Burkina Faso and Gabon. The latter, penalized by the fallout of the economic crisis of recent years, is in fifth position in 2020.

Gabon is even surpassed by Burkina Faso, which, with a growth rate of 181% from 2011 to 2020, is the country in the CIMA zone that has reported the strongest growth in premiums over the past ten years.

In millions USD

	2011	2015	2020	2011/2020 evolution [1]	2020 shares
Côte d'Ivoire	351	472	772	127%	30.2%
Cameroon	272	304	388	47%	15.2%
Senegal	181	201	385	120%	15.0%
Burkina Faso	74	97	203	181%	7.9%
Gabon	179	198	195	12%	7.6%
Togo	71	81	128	88%	5.0%
Benin	68	78	124	88%	4.9%
Congo Brazzaville	75	159	112	54%	4.4%
Mali	54	58	106	102%	4.1%
Niger	38	49	70	84%	2.7%
Equatorial Guinea	23	26	37	68%	1.4%
Chad	16	24	28	78%	1.1%
Central African Republic	7	5	11	61%	0.4%
Guinea Bissau	-	-	2	-	0.1%
Total	1409	1752	2561	87%	100%

[1] *Evolution in FCFA*



Evolution Of Life And Non-Life Premium Evolution: Africa-CIMA Comparison

In millions USD

Premiums	2011	2015	2020	2011/2020 Evolution
Africa				
Life	47007	42987	41097	-12.57%
Non-life	22267	20955	19093	-14.25%
Total	**69274**	**63942**	**60190**	**-13.11%**
CIMA Zone				
Life	384	492	905	136%
Non-life	1025	1260	1656	61%
Total	**1409**	**1752**	**2561**	**82%**
CIMA's market share in Africa	**2%**	**2.74%**	**4.25%**	**-**

Sources: Sigma 2020 and CIMA annual reports

A comparison of (life and non-life) premiums between the CIMA and Africa zones over the 2011-2020 period shows a significantly higher rate of premium growth for the CIMA zone than for the Africa zone.

Expressed in U.S. dollars, life and non-life premiums reported for the continent as a whole had shrunk by 13% during the period under review, while those in the CIMA zone grew by 82% [(1)]. It is the life class of business, with a growth rate of 136% [(2)] over the period 2011-2020, that is driving the insurance business in the CIMA zone.

Another striking but modest fact is that CIMA's share of the African premium market continues to grow. Limited to 2% in 2011, it will rise to 4.25% by 2020.

In fact, the CIMA zone countries that use the CFA franc, a currency pegged to the euro, are benefiting from the good performance of the latter currency against the US dollar. At the same time, the main African currencies, in particular the South African Rand, the Nigerian Naira, the Algerian Dinar, the Tunisian Dinar and the Egyptian Pound, are falling heavily against the US currency.

Source: Atlas Magazine

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