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J.B.BODA GROUP

MEDIAN

Issue 70

April 2013

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PRIME STORY

Effectiveness of Training in Service Sector

(Importance and Context of Study) - I

[To begin with, some of the KEY–WORDS used in this article are explained like this. ‘Training’ is concerned with “people” on jobs in organizations. All people who plan and run training courses and sessions are designated as ‘Trainers’. Participants are those who come for training. “Institution” is used to denote the place where training is conducted]

This study is much relevant. In a developing country like ours where a colossal sum of billions of rupees are spent on training each year, the accountability is also very important. Expenditures of such magnitude, specially when the country is not financially capable of meeting even some of the basic infrastructural needs, call for a periodic probing. This is extremely essential in the context of the controversy that the benefits derived from the training is not commensurate with the cost of training. Complaints are increasing about its effectiveness and waste. The training apparatus and its costs have multiplied but not the benefits. Organisations feel obliged to fill the training outfits with people but then the requisite enthusiasm and efforts are lacking. The growing disillusionment is visible in many ways. There is reluctance even in sending participants for the various programmes scheduled to be conducted at the institutes. On top of it, there are examples galore that trained people are not adequately and appropriately utilised in the organisations.

On the usefulness of training, the swings of opinion vary from loud acclamation to utter despair. These extreme views need to be sobered down. In fact, training is neither a panacea for all ills, nor it is a waste of time. We have to acquire more insight into what training can do and what it cannot do. We have to have more and more of skill in designing and carrying out training effectively and economically i.e. at a far lesser cost in comparison with the benefits achieved.

The way training is usually set up in most of the organisations is something like this. When a need has been perceived at the top to develop a work ethos in the organisation, it emphasizes service to customers in all its comprehensive meaning. Consequently policy decisions are taken to give existing employees some training. The syllabus is developed quickly and discussed internally. Soon the contents of the course are given a shape and the trainers are told to follow it. The operating offices are asked to send staff for the batch. They feel obliged to send their quota of participants. Minimum qualifications required for selection as a participant of the programme is based on certain academic standard and some experience.





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When felt necessary, the minimum qualification is lowered down to see that full participation is there for the course. Lecture method seems to be the only way to conduct the training and thus the programme gets initiated. Trainers console themselves in the thought that the participants are atleast exposed to the subject. After the first round or two, the syllabus is standardized. Generally this is how a new training programme gets started. The assumptions underlying this process of training are never stated. This in general, depicts the current scenario prevailing in most of the organizations. A definite departure from what is obtaining today is the prime need and then only we can think of improving the effectiveness of the training programmes.

As a matter of fact, training is supposed to be one of the most important intervention of human resource development. The importance has increased all the more because of the fast changes in technology and the work. It has been observed that the competencies possessed by the job holders tend to fall short of the ever changing requirements of the jobs under the changing circumstances. The gap has to be bridged by appropriate and adequate training. On top of it, there is a widespread belief that training is the key to productivity. Arising out of this belief that training and development are closely related to organizational results, most of the organizations attach considerable importance to training. In spite of this, the relationship between training and organizational performance has been fairly confusing. It is difficult to segregate the cause from the effect. However, the logic that the training activity must be integral to organizational life is beyond doubt in the face of swift environmental changes and competitiveness.

At this stage, we must be very clear in our mind as to what we exactly want to achieve by training our people. Training in fact is a planned process to modify attitude knowledge or skill behaviour through learning experience. The objective is to achieve effective performance in an activity or range of activities. Its purpose in the work situation is to develop the abilities of the individual and to satisfy current and future manpower needs of the organization.

Training is preferred to the naturally occurring learning process because people may never learn how to perform the task properly. If they do learn, they will do so more slowly. They are likely to learn a way that is wrong. Consequences of poor performance result in poor quality, customer complaints etc.. It is difficult to unlearn wrongly learnt matter and then relearn correctly. This leads to high hidden cost to the organisation through diminishing profits, increasing complaints, delayed projects etc.. For want of training, learning may take too long and there is likelihood that it may be misdirected and the purpose is lost.





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There is a general view that training improves skill, knowledge, attitude and through that the performance both quantitatively and qualitatively. Training helps cost effective performance through optimum results. Training results in optimum utilization of resources, lesser wastage of time, materials, people, equipment, money and maximum output with better quality in lesser time. Training also reduces the frequency and extent of accidents. Training being a systematic process, is directed at improving performance through organised learning. It also helps better identification of employee potential and boost up their morale.

A systematic approach to training includes four steps as shown below.

1. ITN i.e. Identification of Training Needs.
2. Planning & designing of appropriate training programmes.
3. Implementation of the training programmes.
4. Assessment in terms of effectiveness of the training Programmes.

ITN – First stage – i.e. Identification of Training Needs through audit reports, observations, analysis, results, questionnaires etc. We should initiate ITN at all levels of management, namely Higher level/ Organisational level / Middle level / Job group level / Lower level and Individual level.

Following techniques are used.

Organisational Training Needs Analysis – It is used to consider such questions – as policy, productivity, new technology and cost escalation etc..

Job Analysis – This is done by investigating in more detail the jobs people do, the task they perform, areas of responsibility and relationships. Job analysis directs attention to the competencies required to do the job.

Task Analysis – This investigates the procedures, knowledge, skills and attitudes needed to ensure satisfactory performance. This provides the basis for identification of training needs.

For systematic training to be effective, all the three techniques of ITN must be considered and used with a varying degree of discretion.

(To be continued)





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INTERNATIONAL

Africa : Funeral Insurance

A growing desire for a decent burial among the less well – off in Africa is changing the map of things as regards insurance. With vast parts of the continent still uninsured, the Funeral Insurance is perceived to be a key business area.

Asia Region : Insurance Premium

The Asia – Pacific Region will become the biggest driver of world insurance premium volume growth by 2020, according to Munich Reinsurance Company.

Asia Region : Pension Market

Asia's pension and retirement savings market will be emerging as the global insurance industry's biggest success story. The segment is expected to offer tremendous opportunities to the insurers in the region.

Canada : Mortgage Portfolio Insurance

The Canadian government plans to limit the ability of banks to acquire insurance for pools of mortgages in order to lower tax payer exposure to the housing market. This move could raise funding costs for lenders.

Central African Republic: Insurance Industry

The Central African Republic's insurance industry is expected to grow by 10.7% between 2012 and 2017, new research has revealed. An analysis by analysts Timetric, has found that stable economic development, the continued expansion of the mining industry and a range of new infrastructure projects have contributed to the sector's growth. Despite the industry's small market size, with an insurance penetration of only 0.36% in 2012, there were new market entrants with substantial growth potential.

Hong Kong : Cleaner Fuel

The only way Hong Kong is going to get all port users to burn cleaner fuel while in port is to make it a regulatory requirement.

MENA Region : Training Needs

The Middle East & North Africa (MENA) 2013 Broker Survey has highlighted an industry alert on insufficient training in the Region.





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New Zealand : Claim Privacy Breach

According to the Earthquake Commission, it has inadvertently sent out private details of 83,000 + claims to an unintended recipient following an accidental e-mail release. The information sent included claim numbers, street addresses and details about damage and repairs.

South Korea : Hacking Attack

A hacking attack that brought down three South Korean broadcasters and two major banks has been identified by most commentators as Pyongyang flexing its muscles as military tensions escalate on the divided peninsula.

Superstorm Sandy : Marine Premiums

Superstorm Sandy's estimated USD 2.5 billion to USD 3 billion cost to the global marine market effectively wipes out the entire U.S. marine premiums for 2012, according to the International Union of Marine Insurance.

Thailand : Pressure of Floods

The Thailand floods of 2011 continue to erode domestic non-life insurers' financial positions, with the sector having uncertain loss development, stricter capital requirement and stagnant reinsurance payment.

UAE : Trade Credit Insurance

Trade Credit Insurance in the UAE is reportedly predicted to grow by 50% within two years – in terms of volume of transactions covered – according to Coface Emirates Services.

UAE : World's Largest Solar Power Station

The United Arab Emirates (UAE) are best known for oil and gas, but the region also has interesting developments in renewable energy. The Shams Power Company has just inaugurated the Shams 1 concentrated solar power (CSP) station, which, with a capacity of 100 MW, is the biggest operating solar power station in the world, which cost USD 600 million to build and will provide electricity to 20,000 homes. The solar park features long lines of parabolic mirrors spread over an area equivalent to 285 football pitches in the desert of the Western Region, some 120 kilometers (75 miles) Southwest of Abu Dhabi. Lots of sun and lots of money indeed Emirates has plan to generate 7% of its energy needs by 2020 from renewable sources.





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U.K. : Largest Auto Insurance Scam Uncovered

The police have linked 60 people with the massive fraudulent claim programme, which is among the biggest in the country. The investigators in this case have felt that some auto insurance claims involved entirely fictitious events, others were staged accidents, while some were greatly exaggerated over what had actually happened. Upon further examination, there were 25 auto insurance claims that were specific to accidents that were deemed to have had the largest impact on the public, both in terms of suspected involvement of organised crime, as well as financially. These specific claims were chosen for detailed examination and eventually led to the discovery of over UK Pounds 3 million in fraudulent payouts (though those specific claims racked up, approx. UK Pounds 514,000/= and brought 70 defendants to the New castle Crown Court, where 60 were determined (or admitted) to be involved.

U.K. : Apportionment in Liability Policies

The Court of Appeal has ruled in Ace European Group & Others v/s Standard Life Assurance Ltd. that extending the principle of apportionment to recoveries under a Liability Policy between insured and uninsured losses was “irrational and unprincipled”. Accordingly, only careful and precise drafting will permit an insurer to ensure that the indemnity is apportioned.

U.S. – Supreme Court Ruling

The U.S. Supreme Court has ruled in a class action case that a home owner seeking to sue his insurer could not file suit in a State Court considered friendly to Plaintiffs.

U.S. – Catastrophe Fund ?

A coalition of insurance, environmental and free-market groups is opposing legislation for creating a national catastrophe fund.

U.S. – Collateral Options

American International Group Inc. has rolled out a new option for entities with large – deductible casualty insurance programmes looking for flexible collateral requirements.

U.S. : Cyber Plan

The U.S. government is expanding a cyber security programme that scans Internet / Web traffic headed into and out of defense contractors to include far more of the country’s private, civilian – run infrastructure.





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U.S. : Marine – Loss of Hire Claim

In Sealion Shipping Ltd. & Anor v/s Valiant Insurance Company, the insurers have denied liability for the insured's loss of hire claim on various grounds and in the alternative, have argued that three breakdowns suffered by the vessel were three separate occurrences and that the excess period of 21 days be applied to each individual breakdown so as to reduce the insured's claim.

Vietnam : Law Revamp

The Vietnam Marine Administration has called for the Amendment of the Law that forbids ageing cargo ships to be scrapped, amidst concerns that it will result in owners scuttling their ships to claim for insurance.

World : Ethics in Insurance Business

Sompo Japan Insurance and Swiss Re are among the 145 entities named as the World's Most Ethical Companies by the international think-tank Ethisphere Institute.

World : Political Risk Exposures

Certain emerging markets are experiencing reduced political risk exposures in 2013 compared with 2012, as the world's political risk landscape shows improvement, according to an analysis of Aon Risk Solutions.

World : IT Spending

Global IT spending by insurers will reach USD 140.2 billion by the end of 2013, a 3 % increase over 2012 spending, according to Celent LLC – an insurance advisory firm.

World : Future of Chemicals

All players in the Chemical Value Chain will be impacted by recent feedstock developments. However, growth opportunities are particularly important for global producers of propylene, butadiene, and benzene in those parts of the world, where feedstock is available for on-purpose production.

World : 2012 – third costliest year

Insured losses from natural catastrophes and man-made disasters totalled about USD 77 billion in 2012 making it the third costliest year on record for insurers, according to Swiss Reinsurance Co. Ltd..





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NON – LIFE

Liquid Cargo

Enhancement of port capacity for handling liquid cargo at ports in India is underway.

ISM Compliance

It is time in India to move ahead of being just International Safety Management Code (ISM) compliant. At the ISM Annual Review Workshop held on 13rd March 2013 by the Director General of Shipping, Government of India to review the performance during 2012/13, some of the Designated Person Ashore (DPAs) from Recognized Organisations (ROs), who substantiate their claim that ship recession had little bearing on ISM compliance endorsed the view that the industry having gained maturity, it is time in India for the industry to rise above compliance.

Car Insurance : Pay As You Use

Soon, customers in India will be able to pay their car insurance premium depending on the distance they travel. During fiscal 2013 – 14 (April-March), some private players plan to launch “pay as you use” Car Insurance Policies. People traveling within the city will need to pay lesser premium compared to those who travel long distance. There will be Global Positioning System (GPS) base device installed in the car, which will track the distance traveled by a car. In case of an accident, the device can help in locating the car. “Pay as you use” products are already available in Europe and US.

Third Party Motor Premium

The Insurance Regulatory and Development Authority (IRDA) has raised the premium rates of mandatory third – party motor insurance by 10-20 % across categories with effect from 1st April 2013. rates for private cars, taxis and goods carrying vehicles – public carriers will increase by 20% while that for two wheelers will go up slightly over 18%.

GIC Re

GIC Re plans to upgrade its overseas branches and increase its presence in South Asian Association for Regional Cooperation (SAARC) nations, Latin America and Africa.





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Pension Plan Funding

Pension Plan Funding levels among large publicly held employers in the developed world fell to a new low in 2012, as falling interest rates fueled a rise in the value of plan liabilities, which more than offset strong investment results and hefty employer contributions.

Employee Benefits – Integrated Solutions

The Employee Benefits Sector is facing the challenge of rapid ramp-up of global scale to meet the demand for integrated solutions in plan design, financing and management of benefit programmes, according to Swiss Life.

United Regulator in India

The Government of India is considering to create a Unified Financial Agency to regulate insurance, pensions, commodities and markets, while monetary policy and banking would remain under the central bank – Reserve Bank of India.

Pension Products to be launched

Many life insurers are planning to launch pension products, following recent guidelines issued by the IRDA on Pension Products. Accordingly, consumers can look at retirement products for pension planning to choose from. Against the current practice of no guaranteed return, policyholders are now being offered a capital guarantee – where the insured will at least get back the total premium paid. Now there is clarity from IRDA regarding pension plans.

Insurers Eye Health Segment

Globally, Health Insurance has been a grey area between Life Insurance and General Insurance. A recent strategy is for Life Insurers to launch new products to be on par with general insurers. In India, Health Insurance as a segment has low penetration; it is as low as 5 %, with 85 % of the 1.4 billion population having a no health coverage. Health Insurance, which used to be dominated by General Insurers, is now drawing a lot of attention from Life Insurers as well. On an average, Life Insurers have 3 % of their business coming from Life Insurance in the retail segment. They now look forward to increase upto 10 % +.





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