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# J.B.BODA GROUP

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**ON “WRITE” SIDE**  
**Business Interruption Insurance – II**  
**Sanjiv Shanbhag**

The critical aspects of Business Interruption Insurance are explained below *seriatim*:-

1. **PHYSICAL HAZARDS:-**

The perils can be gauged on basis of the physical hazards of different types of properties. The need arises to assess the physical hazard in the aspects of probability, frequency and severity. An insurance cover is granted for multiple perils and physical hazard requires to be examined perilwise. The possibility of two perils operating simultaneously or sequentially also requires to be examined.

Apparently, it becomes necessary to assess:

- a) the probability of the damage occurring and its frequency.
- b) the probability of the spread of damage and its extent.
- c) the possibility of a disaster or a catastrophe.

The examination of physical hazard continues after the examination of the Insured's own premises, where Additional Covers for suppliers' or Customers' Premises have also been included. There can be covers for supply of utilities like power, gas, water, etc.. The physical hazard in such other premises would also require to be examined in the manner identical to the Insured's own premises.

From the Insured's point of view, it is desirable to have the same Insurer for Property Insurance and Business Interruption Insurance. As a result of a common Insurer, the advantages of studies of physical hazards can be obtained fully in the case of Property Insurance as well as Business Interruption Insurance. Changes or modifications in property risks or risk evaluation intimated to Property Insurers are also to be intimated to the Business Interruption Insurers. Likewise, advantages of premium reduction due to property risk improvements are to be obtained from the common Insurers.

2. **INTERRUPTION HAZARDS:-**

This is one of the important critical aspects of Business Interruption Insurance. A small Property Damage can result in much larger Business Interruption Insurance loss, especially in single stream production line. For assessing the interruption hazards, the following points are noteworthy:-





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a) The time required to reinstate the damaged property to its original pre-damage working capacity and efficiency. The availability of finance, supplies, labour, technology, etc. is quite important including the capability to arrange the approvals from various authorities for rehabilitation. The result of this verification is of great assistance in determining and selecting the Period of Indemnity to be specified in the Policy.

b) The possibility of whole or a part of the business to be carried on, during the period of repairs / rehabilitation, from any other unaffected own premises of the Insured or from any other temporary premises or by arranging production from any other sources. There is need to assess the extent of such possible mitigation of loss and the extent of any connected increase in cost of working.

### 3. **SELECTION OF PERILS TO BE COVERED:-**

Generally, the Business Interruption Insurance Policy ought to follow the basic Fire & Perils Insurance Policy. All the perils covered under the basic Fire & Perils Insurance Policy should be included in the Business Interruption Insurance Policy.

The Material Damage Proviso in the Business Interruption Insurance Policy requires that the Property Damage has been paid or deemed payable under the Fire & Perils Insurance Policy and that Business Interruption flowing therefrom only would be payable. In view of this, it is better that the perils required to be covered are clearly listed.

Additional Covers like Extensions of the Policy to cover the Premises of Suppliers and / or Customers as well as Failure of Supply of Utilities like power, gas, water, etc. are also available.

### 4. **SELECTION OF BASIS:-**

The selection of “Basis”, i.e. “Turnover” or “Output” is one of the very critical aspects of a Business Interruption Insurance Policy. “Basis” is the measure of activity used to determine the reduction in either Turnover or Output and is vital to the claim. The generally accepted and popular “Basis” or measure of activity selected in the Business Interruption Insurance Policy is “TURNOVER”.

In business parlance, the accounting profit would not be earned until the finished goods are sold. The manufacture of goods should ultimately yield earnings to a business. Further, the Policy on Turnover basis could be extended to Sales Depots and Warehouses, whereby due to damage to stocks therein, leading to reduction in





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Turnover, the loss of Gross Profit due to such damage would be admissible under the Policy. A further benefit can be seen in case of a long interruption of manufacturing activity, when after resumption of output, marketing thereof becomes difficult, as the customers may have already switched to other manufacturers. The loss of Turnover during the entire period would be considered under the Policy on Turnover basis. Further, where the full output capacity is not being utilised and where the market is highly competitive, Turnover lost may not be retrievable in the balance specified Period of Indemnity, though the output lost would be retrievable.

If the insurance is on any basis other than Turnover – say on Output basis, the claim computation method remains the same, though the measure of activity needs to be changed to Output. Here, the Period of Indemnity would extend at best to the resumption of standard output after due repairs / replacements of damaged property. Where the Insured has selected the basis of activity as other than Turnover, it is normal to compute claims on basis of such selected activity.

There is also an insurance market practice to issue Business Interruption Insurance Policy on Turnover Basis with “Alternate Basis Clause” attached thereto, whereby the Insured may change the Basis to Output Basis for a claim at the time of the claim.

##### 5. SELECTION OF INDEMNITY PERIOD:-

The scrutiny of the Physical and Interruption Hazards as stated in the first two critical aspects explained earlier, would enable the Insured to select an adequate Indemnity Period. In order to recover any loss of Gross Profit, the said loss of Gross Profit must be incurred during the Period of Indemnity specified in the Policy, which acts as a time limit. Any loss of Gross Profit incurred beyond the said time limit will not be recoverable under the Policy. As regards Increase in Cost Working, such costs would require to be incurred during the specified Indemnity Period and the benefit thereof also to be gained during the specified Indemnity Period. If the gain is extended beyond the specified Indemnity Period, Increase in Cost of Working though incurred during the specified Indemnity Period would have to be shared suitably. In order to be precise, the Indemnity Period specified ought to cover the maximum period estimated to be required for rehabilitation of the insured premises and property therein in case of total destruction.

Apparently, a just and judicious selection of Indemnity Period becomes necessary, in view of the Physical and Interruption Hazards and the impact of premium. Normally, the Insurers are willing to provide Indemnity Period of up to three years with requisite increase in Sum Insured for Gross Profit and suitable adjustment in rate of premium.

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## REINSURANCE

### 9/11 Terrorist Attacks on WTC – One Event or Two ?

The UK High Court decision on 8 February 2013 in *AIOI Nissay Dowa Insurance Company Limited v Heraldglen Limited and Advent Capital (No 3) Ltd* [2013] EWHC 154 removed any uncertainty in the reinsurance market by upholding an Arbitration Tribunal's decision that the terrorist attacks of 11 September 2001 on the Twin Towers of the World Trade Centre (WTC) amounted to two "events" for the purposes of aggregation under a whole account catastrophe XL Reinsurance Wording.

This decision of the Judge arose from an Appeal against an Award made by a Tribunal.

The underlying losses principally arose from settlements for property damage/personal injuries claims made by the liability insurers of American Airlines (for flight AA11, which crashed into the North Tower), United (for flight UA175, which crashed into the South Tower) and the two security companies responsible for screening passengers on each flight. The issue was whether the losses arising from each act of hijack of the aircraft were one or two events under the reinsured's outwards XL reinsurances.

One of the questions the Tribunal had to decide was whether the losses sustained by the defendants arising out of the 9/11 attack on the Twin Towers of the World Trade Centre (WTC) were caused by one or more occurrences or series of occurrences "arising out of one event". This was in the context of applying Policy Limits and Deductibles in four retrocession excess of loss reinsurances written by the claimant in favour of the defendants. The Tribunal concluded that the losses were caused by two separate occurrences arising out of separate events.

The case was reinsurer AIOI's appeal from an Arbitration Award dated 26 January 2012 made by a Tribunal. AIOI contended that its liability under the outward XL reinsurances was on a one-event basis, whereas Heraldglen had presented its claims to AIOI as two separate occurrences arising out of two separate events. The outward XL reinsurance contracts were subject to London Standard Wording 351, which provided that "each and every loss" is "each and every loss or accident or occurrence or series thereof arising from one event".

The Tribunal had decided that the losses arising were caused by two separate occurrences arising out of separate events. The High Court upheld this finding on the basis that the Tribunal had (i) correctly applied the law; (ii) had regard to all materially relevant matters; and (iii) did not take into account impermissible considerations.





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In reaching this conclusion, the Tribunal had evaluated the "four unities" test set out in the Dawson's Field arbitration and adopted by Rix J in *Kuwait Airways Corporation v Kuwait Insurance Co*:

The circumstances and purposes of the persons responsible

Cause

Timing

Location.

In relation to each of these:

The Tribunal acknowledged that the hijackings were the result of a coordinated plot, but observed that it was clear from the authorities that a conspiracy or plan cannot of itself constitute an occurrence or an event for the purposes of clauses in reinsurance contracts that refer to each and every loss, occurrence or event.

The Tribunal was not satisfied that there was any basis, at least in the context of analysing unity of cause, for concluding that there was any factor amounting to an event of sufficient causative relevance to override the conclusion that two separate hijackings caused separate loss and damage. There were two separate causes because there were two successful hijackings of two separate aircraft.

The Tribunal considered that there were clearly similarities in the timing of the events from the commencement of the flights to contact with the North and South Towers, but these were not such as to lead to the conclusion that there was either one occurrence or two occurrences arising out of one event. So far as timings were concerned, there were two occurrences and two events: infliction of personal injury and death started in the case of each aircraft shortly after they were hijacked and continued until at least the collapse of each of the North and South Towers, a period of 134 minutes in the case of Flight 11, and 72 to 76 minutes in the case of Flight 175.

The Tribunal held that each tower was a separate building, albeit connected by a single mall. They did not stand or fall together. If only one of the hijackings had succeeded, only one tower would have been destroyed. The fact that both towers were destroyed was attributable to the fact that there were two successful hijackings directed at separate buildings forming part of the WTC.

In reaching this decision, the Tribunal applied the test of the "unities" (time, place, cause and intention) derived from the Dawson's Field Arbitration and as developed by The Judge in *Kuwait Airways Corporation v Kuwait Insurance Co SAK*. Only extracts of the Award





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are referred to in the appeal judgment so it is difficult to understand precisely which arguments were canvassed in front of the Tribunal and also how the Tribunal reached its views regarding the various unities.

In respect of unity of intent, referred to as the circumstances and purposes of the persons responsible, the Tribunal acknowledged that the hijackings were part of a coordinated plot but observed that it was clear from the legal authorities on similar aggregation clauses that a conspiracy or plan could not of itself constitute an occurrence or event. In respect of unity of cause, the Tribunal found there were two separate causes for the insured losses because there were two successful hijackings of two aircraft, despite these being in execution of a single "dastardly plot". In respect of unity of location, it found that while the Twin Towers were part of an overall complex, the Towers were separate buildings. In respect of unity of time, it acknowledged the relative closeness in time between the commencement of each flight and the subsequent crashes. However, it was justifiable for the Tribunal to take account of the whole period of time from check-in and passenger scrutiny to the collapse of each of the Towers (not just from the time each flight took off) because it was dealing with airline and/or security company liabilities in respect of the hijacks. Moreover, the timings of the collisions into the Towers were independent of each other.

The appeal by the claimant was on the basis of section 69(1) of the Arbitration Act 1996, that the Tribunal had made an error of law. The claimant ran several different lines of argument, including the following:

Instead of confining its analysis to whether the attacks on the WTC constituted one event, the Tribunal "wrongly focussed on, and were wrongly influenced by, their conclusion as to the number of loss events arising out of the hijackings of all four flights on the day in question." The Judge rejected this contention, concluding it was clear from the Award that the Tribunal's focus was on the attacks on the Twin Towers and that in referring, in one paragraph of the Award, to the four hijackings it was merely carrying out a "sense check" on the conclusion it had already reached in relation to the Twin Towers.

The Tribunal erred when considering the unifying factor of "cause". It was suggested that the Tribunal had enquired generally into the cause of the losses whereas it should have considered the unity of cause in terms of operative peril. The Judge rejected this submission, stating among other reasons that the attack on the WTC fell within both the terrorism and hijacking perils covered by the reinsurance contracts and, for this reason, there was "no error in the Tribunal approaching the question of causation generally, rather than through the prism of operative peril".





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The Tribunal erred in assessing the situation from the standpoint of "an objective independent observer" rather than that of an "informed observer placed in the position of the insured", the latter being the test laid down by the Judge in *Kuwait Airways*. The Judge rejected this, holding that it was "tolerably plain" from the Award that the Tribunal had well in mind that it had to assess the facts through the eyes of an objective observer in the position of the insureds.

The Tribunal had failed to have sufficient regard to the purpose and intent driving the hijacks and the crashes. It should have considered whether, given that these were indisputably incidents of a terrorist organisation directed at the WTC, they were "a series" of "occurrences" "arising out of one event". The Judge rejected this argument, stating that the Tribunal had taken account of the underlying terrorist plot when analysing how the plan was implemented.

The Judge therefore concluded that the Tribunal had made no error of law in reaching its conclusion that the insured losses caused by the attack on the WTC arose out of two events and not one. The law relating to the unities test is relatively well established and this appeal was really about whether the Tribunal had applied that law correctly. The Judge said that the Tribunal had proceeded fairly and properly to undertake the exercise in judgement that this involved and the decision it came to was one which was open to it. It should be noted, though, that the Judge gave no indication of whether he would have reached the same conclusion had he undertaken that exercise in judgement himself nor did he express a view on whether the Tribunal's decision was the only one that was open to it.

The decision will be welcomed as it confirms the view taken by the majority of the market and removes any uncertainty as to the number of events.





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## INTERNATIONAL

### Things to Look for a reputable and stable Insurer

#### **Background Record**

Please check with your insurance regulator for information on reputable insurers and rates. The regulator can provide licensing background on insurers and whether the insurer has government guarantee fund coverage, which pays claims if an insurer defaults. The regulator also has information on complaint records for insurers.

#### **Financial Strength**

Information on the financial stability of the insurer is available through credit ratings services. They provide ratings on financial strength, credit rating and debt rating to help show you the stability of an insurer. Generally letter grades range from A++ for the highest rating to D for the lowest. Some have a rating guide of AAA for the highest ranking to CC.

#### **Word of Mouth**

Other entities with experience in insurance coverage as customers can help make the right choice. For example, please find recommendations on auto insurers by contacting local body shops for insurers with good claim process reputations and aiding in repair work. Please check with staff members of a medical clinic familiar with insurers when looking for health insurance or look at the family doctors, specialists and healthcare facilities on a plan.

#### **Professional Input**

Qualified insurance brokers/agents can help find strong, reliable insurers based on experience. Please verify with some specializing in particular insurances needed to help find a good consensus on better insurers. Small, mid-sized and large insurers can offer the coverage required, based on record, ratings and financial strength.

### Apportionment in Liability Policies

The Court of Appeal has ruled in *Ace European Group & Ors v Standard Life Assurance Ltd*<sup>1</sup> 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.





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## Background to the decision

This dispute arose out of the operation of Standard Life's Pension Sterling Fund (the Fund), which by 2007 included a substantial proportion of asset backed securities. Much of the literature marketing the Fund implied that this was a cash fund in the narrow sense with its capital value protected. Asset backed securities are, however, less liquid and their value subject to market movement. Following the collapse of Lehman Brothers and the onset of the credit crunch in 2008, which rendered the Fund increasingly difficult to value, Standard Life took the decision to switch to a different source of pricing data, and therefore valuation. The result was a fall in value of units in the Fund of around 4.8%, equivalent to a shortfall of approximately £100 million. Standard Life was concerned that it was vulnerable to mis-selling complaints on the basis that the customer facing literature had failed to make it clear that the capital value of the Fund was not protected.

Standard Life considered setting up a claims process and inviting any claims to be met on a case by case basis. However, it subsequently decided that a better option was to restore the shortfall by taking steps to inject c.£102 million into the Fund (the Cash Injection) to restore the shortfall. The decision to make the Cash Injection was also motivated by Standard Life's estimate that not doing so would cost it c.£300 million as a result of consequential brand damage.

Standard Life then sought to recover the Cash Injection under its Professional Indemnity Policy which, as drafted, provided an indemnity in respect of third party claims. The policy contained a limit of £100 million and included cover in respect of "*Mitigation Costs*." "*Mitigation Costs*" were defined as "*any payment of loss, costs or expenses reasonably and necessarily incurred by the Assured in taking action to avoid a third party claim or to reduce a third party claim... of a type which would have been covered under this Policy...*".

Insurers denied liability on the basis that the Cash Injection did not fall within the definition of "*Mitigation Costs*". They also argued that some or all of it should properly be regarded not as made for the purpose of avoiding or reducing claims, but rather for the dominant purpose of avoiding or reducing potential brand damage which was not covered under the Policy.

Insurers sought to assert that, unless the policy provides otherwise, a rule of law requires the apportionment of mitigation costs between the respective insured and uninsured interests at risk. Standard Life had used the £100 million to mitigate its losses in respect of potential claims against it and this was an insured risk. It had also estimated the brand damage if it did not make the Cash Injection at £300 million (which loss was not insured under the policy).





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As a result, the total amount of damage that Standard Life had avoided as a result of the Cash Injection was £400 million. In broad terms, therefore, the proportion of the total potential loss saved by the Cash Injection that came within the "Mitigation Costs" definition was 25% (i.e. the cash loss of £100 million as compared with a total saving to Standard Life of £400 million). Insurers argued that the recovery under the Policy ought to be apportioned on that basis. This rule of law was said to emerge by analogy from the well-established principle of apportionment under 'Sue and Labour' Clauses in Marine Insurance.

### **The first instance decision**

The Judge found that the Cash Injection was reasonably and necessarily incurred by Standard Life in taking action to avoid or reduce third party claims of a type which would have been covered under the Policy. It therefore came within the definition of "*Mitigation Costs*" under the Policy. However, he also found that another, equally efficacious, intended objective was to avoid brand damage.

The Judge rejected the insurers' argument that, given the injections had the dual effect of avoiding/reducing claims and protecting Standard Life's reputation, any indemnity to which Standard Life was entitled should be reduced in accordance with principles of apportionment. Insurers appealed on the issue of apportionment.

### **The Court of Appeal decision**

Insurers' appeal was rejected. The Court of Appeal held, first, that this approach was untenable as a matter of construction of the policy wording. Under the Policy, the insurers had undertaken to indemnify Standard Life for "*Mitigation Costs*" and the earlier Judge had found at first instance that the Cash Injection met all of the criteria required to satisfy the definition in the Policy Wording. This part of his decision was uncontested on appeal.

Secondly, the Appeal Judge who gave the reasoned judgment in the Court of Appeal, made a helpful analogy with the well-established principle that, where a loss is caused by an insured peril, the fact that there is another, equally effective, uninsured cause will not affect recovery under the Policy. The position is of course different if the second cause is the subject of an Exclusion under the Policy. In such a situation, the Policy will not respond at all.

Although the appeal could have been disposed of on this short point of construction, the Appeal Judge went on to explain why, in his view, there is no place in Liability Insurance for the principle argued for by insurers.





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Insurers' primary argument that cover for mitigation costs is analogous to a 'Sue and Labour' Provision in a Marine Policy, such that the Principle of Apportionment should be implied into Liability Policies as it is for Marine Policies, was rejected. The Appeal Judge held that Marine Policies are different from Liability Policies in that the adjustment of losses under Marine Policies proceeds on the assumption that the subject matter is fully covered by insurance. Where there is under-insurance (and so the insured is "*his own insurer*" for the uninsured balance) apportionment is required in order to ensure that insurers only contribute to the extent of their interest in the property. The Appeal Judge stated that the extension of the Apportionment Principle to Liability Insurance, where the extent of the liabilities to be incurred is unknown when the Policy is agreed, would be "*irrational and unprincipled*".

The Court of Appeal went on to cast doubt on the view of the Judge in an Aviation Insurance case, *Kuwait Airways Corporation v Kuwait Insurance Company*, that apportionment could apply in a non-marine context. The Appeal Judge noted, "*It may be that aviation property losses are traditionally adjusted in the same manner as marine property losses, but there is no finding to that effect in the Kuwait Airways case, and thus no immediately discernible rationale for the extension of the rule from marine property insurance to aviation property insurance*".

### **The implications**

It is inevitable that insurers of Financial Institutions policies (and other Liability Policies) will seek to tighten their Wordings in view of this decision to ensure that they are not providing cover unintentionally for actions designed to protect an insured's reputation.

### **Asia : Biggest Risks**

Economic slowdown/slow recovery, regulatory changes and increasing competition are the top three risks facing organisations in Asia – Pacific for 2013 according to the biannual 2013 Aon Global Risk Management Survey.





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## NON – LIFE

### Priority of new IRDA Chairman

The insurance regulatory framework has evolved over the last decade to match the needs of the sector. The landscape has changed post 2000, when the first set of insurance companies were registered by the Insurance Regulatory & Development Authority (IRDA). Mr. T.S. Vijayan, the new Chairman of IRDA expects the regulatory framework to stabilize to enable various stakeholders to work at further reaching out to meet the needs of the customer. He believes that we have developed a strong foundation by aligning our regulatory structure to international best practices while, at the same time, keeping in mind the needs of our people. The industry and the regulator both need to lay down the roadmap for the medium term. Certainly, addressing mis-selling and protection of policy-holders' interests is a priority.

### Mortgage Insurance

Globally, specialised banks offer Mortgage Insurance. They get their revenue from the premium paid by either the lender or the borrower or, as is often the case, both. India has taken its first steps towards Mortgage Insurance. The Reserve Bank of India has said that India's first mortgage guarantee company, The India Mortgage Guarantee Corporation (IMGC), can start functioning. Its capital will come from three investors – The National Housing Bank (38%), an American Company called Genworth Financial (36%) to provide technical help and Asian Development Bank and International Finance Corporation (with 13% each).

### Micro – Insurance

Micro – Insurance is a powerful risk-management tool that facilitates low-income households' transition out of poverty. It refers to affordable insurance policies that cater to specific risks faced by poor households. Such risks include life, health, agriculture, livestock and small businesses among others. The Micro-Insurance Sector has expanded exponentially in the last few years to 135 million individuals insured in 2009 worldwide from 78 million in 2006. India is a pioneer in Micro-Insurance and is one of the first countries that formally regulated its Micro-Insurance Sector. Estimates reveal that 50 % of the total population covered by Micro-Insurance worldwide, lives in India. Indian agriculture accounts for about 13% of the nation's gross domestic product. Over 80 % of agricultural land is highly rainfall dependent and farmers constantly battle against crop failures caused by weather vagaries, rising costs of cultivation, pest attacks and other factors. In view of the significance of agriculture in the Indian economy and its vulnerability, the need for evolving an adequate, sustainable risk management system has been duly recognised. However, the uptake of crop micro-insurance is low, considering the large population in need of such products.





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## SPECIAL REPORT

### Global CEOs' Concerns for 2013

<b>Base :</b>	
<b>India</b>	<b>73</b>
<b>China &amp; Hong Kong</b>	<b>132</b>
<b>BRIC</b>	<b>259</b>
<b>Others</b>	<b>866</b>
<b>Total</b>	<b>1,330</b>

<b>Theme : <u>The price of uncertainty</u></b>			
	<b>India %</b>	<b>China &amp; Hong Kong %</b>	<b>Global %</b>
<b>(1) Improvement in the global economy</b>	38	27	18
<b>(2) Their own growth prospects</b>	63	52	36
<b>(3) <u>Top economic and policy threats</u></b>			
(i) Uncertain and volatile economic growth	70	86	81
(ii) Government response to fiscal deficit and debt burden	74	44	71
(iii) Over regulation	64	62	69
(iv) Protectionist tendencies of national governments	77	-	-
(v) Bribery and corruption	74	-	-
(vi) Exchange rate volatility	74	-	-
<b>(4) <u>Top scenarios with potential negative impact</u></b>			
(i) A break-up of the Eurozone	42	-	53
(ii) China's GDP growth falling below 7.5 % per annum	48	-	51
(iii) A natural disaster disrupting a major trading / manufacturing hub	55	-	56
(iv) Major Social unrest in the country in which you are based	58	-	75
(v) Recession in the US	42	-	53





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<b>Theme : <u>The price of uncertainty</u></b>			
	India %	China & Hong Kong %	Global %
<b>(5) <u>Potential business threats to growth prospects</u></b>			
(i) Increasing tax burden	75	-	62
(ii) Availability of key skills	81	-	58
(iii) Energy and raw material costs	63	-	52
(iv) Inadequacy of basic infrastructure	75	-	-
<b>(6) <u>Customers are an important priority</u></b>			
(i) Customers and clients have influenced their businesses as stakeholders	90	-	-
(ii) Anticipate a change in customer growth, retention and loyalty strategies	88	-	-
(iii) Strengthening their engagement with customers and clients	89	-	-
<b>(7) <u>Improving operational effectiveness</u></b>			
(i) Strengthening engagement with supply chain partners	89	84	78
(ii) Involving managers below board level in strategic decision – making	75	60	79
(iii) Planning to invest in skill development of work force	74	51	61
(iv) Planning to increase R & D and innovation capacity	81	73	67
<b>(8) <u>Cutting costs</u></b>			
(i) Reduced cost in the last 12 months	60	-	-
(ii) Planning to reduce cost	53	-	-
(iii) Increased headcounts by less than 5%	41	-	-
(iv) Expect to increase headcounts by less than 5%	51	-	-
(v) Implemented a cost-reduction initiative	60	-	-





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**Theme : The price of uncertainty**

	India %	China & Hong Kong %	Global %
<b>(9) <u>Areas of opportunities being targeted</u></b>			
(i) Organic growth in existing domestic market	25	-	-
(ii) Organic growth in existing foreign market	16	-	-
(iii) New product or service development	29	-	-
(iv) New M&A/Joint Ventures/Strategic Alliances	15	-	-
(v) New operations in foreign markets	15	-	-
<b>(10) <u>Efforts at bridging the gap between business and society</u></b>			
(i) Media	72	72	64
(ii) Local communities	75	67	65
(iii) Users of social media	79	77	78
(iv) Non-governmental organisation	59	65	51
<b>(11) <u>Building trust</u></b>			
(i) Volunteering / community work	48	-	31
(ii) Reducing environmental footprint	44	-	48
(iii) Workforce diversity and inclusion	47	-	50
(iv) Framework to support a culture of ethical behaviour	53	-	56

*Source: Business Standard – Special Report – April 2013 / PWC – BS – CEO Summit 2013 – New Delhi, India  
PWC 16<sup>th</sup> Annual Global CEO Survey*





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## **J.B.BODA GROUP**

- ❖ **J.B.BODA Group, well-known internationally for its capabilities, well-spread network around the world and personalised services for almost seven decades.**
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- ❖ **Employs more than 1,250 people.**

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- **Container Surveyors, Tank Calibrators, Samplers & Analysts.**
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- **Direct Insurance Brokers (Non-Life & Life).**

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