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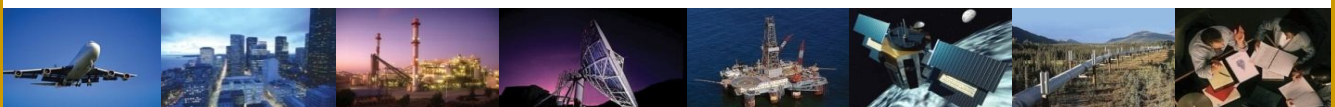


Issue 77

November 2013



**We wish our Readers
HAPPY DIWALI
AND
A HAPPY & PROSPEROUS YEAR AHEAD.**





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Dear Readers,

The global economic crisis revealed the risk management's shortcomings which need to be addressed together with emerging risks such as climate change, terrorism, cyber liabilities and other perils. The Broker's role is to get adapted to the change in line with their clients and continue to offer Insurance & Reinsurance Solutions.

J. B. BODA have completed 70 years of our business operations having set our footprints in 1943. This is a glorious milestone for J. B. BODA Group, having achieved strong brand identity, confidence, trust and transparency in both national and international spheres with collective experience in pre-nationalisation, post-nationalisation, post-privatisation arena.

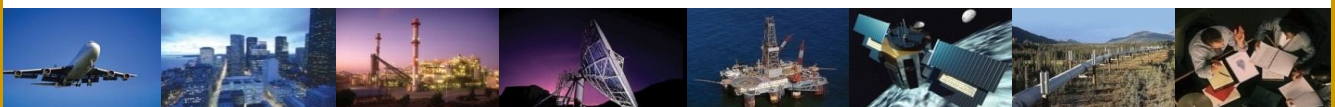
We, the Management at J. B. BODA, greatly value the support received from our esteemed clients and convey our sincere thanks to them together with our colleagues from our India and overseas offices.

Rows of lamps mark doors & windows and fire crackers light up the night sky, as we usher in celebration for **DIWALI** – the Festival of Lights, Joy and Entertainment leading to the dawn of a New Year.

The Management, the team at J. B. BODA and all members of BODA FAMILY join me to convey our best wishes to you, your colleagues and family members on the eve of this auspicious Season of Festivities and wishing Happy Diwali and Prosperous and Successful New Year.

With best regards,

Atul D. Boda
Group Chairman





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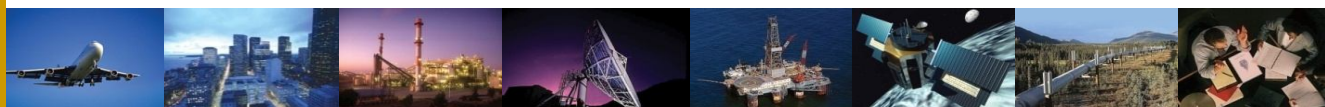
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PRIME STORY

Energy Audit – Full of Energy - II

Preparation for the Energy Audit

Defining the Audit criteria

Before starting the Energy Audit, the criteria against which the Audit will be conducted should be defined. The following criteria should be taken into consideration:

- Audit objective
- Audit type
- Audit methodology and standards
- Staff involvement
- Site or utility boundary
- Timeline
- Reporting requirements

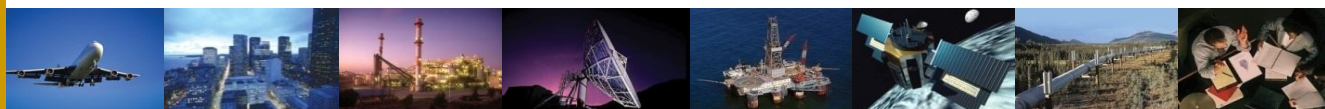
Defining the Audit scope

The Audit scope needs to consider the available resources such as staff, time, Audit boundaries, level of analysis, expected results, the degree of detail, and the budget for conducting the Energy Audit. The Audit scope will depend on the purpose of the specific Audit and may be defined by an overall Government or Company Audit Programme. It should also define the share of processes included in Audit of plant's total energy use as well as comprehensiveness and the level of detail for the final recommendations.

Selection of Energy Audit team

The selection of the Energy Auditing team and Energy Auditors is a key decision for industrial plant managers. The plant's Top Management, after consultation with the Division Managers of the plant, should decide whether the Audit will be conducted by the plant's internal staff or if an outside Consultant should be hired. If a Company has several plants, the staff in one plant can provide support for conducting Energy Audits in the other plants.

Energy Auditors can be accredited separately for electrical and thermal Energy Audits, or for a complete Energy Audit of a site, according to their qualifications. When using an external Auditor, it is better to choose the Auditors accredited by Government, Non-Government, or other authorized agencies.





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The Audit team leader determines the roles and responsibilities of the individual Audit team members. If an outside Consultant is chosen to conduct the Audit, most of the Audit team members will also be from outside of the plant (the staff of the Consultant Company conducting the Audit) augmented by some staff within the plant and in the areas that will be audited that are assigned to cooperate with the Energy Auditors.

Making an Audit Plan

An Audit Plan outlines the Audit strategy and procedure. The Plan helps the Auditors to check the consistency and completeness of the Audit process and make sure nothing important is neglected or overlooked. The Audit Plan should provide the following:-

- Scope of the Audit
- Time of the Audit and its duration as well as the timeline for each step of the Audit process
- Elements of the Audit that have a high priority
- Responsibilities and tasks of each Audit team member
- Format of the Audit Report and its outline

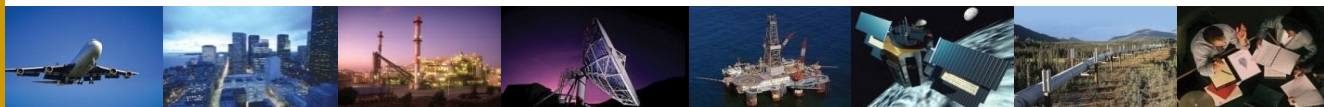
Preparing an Audit Checklist

The Audit Checklist helps the Auditor to conduct the work in a systematic and consistent way. The Checklist should include:

- Steps to be taken during the Energy Audit
- Data and information that should be collected
- Existing measurement instrument and the data recorded
- Required measurements during the Energy Audit and the list of parameters to be measured
- Major equipment to be assessed in more detail
- List of main components of the results section of the Audit Report, for guidance
- Other major concerns and considerations

Conducting the initial walk-through visit

The purpose of the initial walk-through visit is for the Energy Audit team to become familiar with the facility to be audited. The Auditors can go through the processes and utilities that they will audit in detail later. The Audit team can observe the existing measurement instrumentation on the equipment and the data recorded, so that they can determine what extra measurement and data collection are required during the Audit. This phase of the Audit is quite useful, especially if the Auditors are not made up of plant personnel. The Audit team can also meet with the Managers of the areas to be Audited to provide an introduction and establish a common





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understanding of the Audit process. The Auditors can solicit comments from the facility staff and can collect readily-available data during the walk-through visit.

Collecting energy bills and available data and information

Energy bills along with other current and historical energy- and production-related data and information should be collected at the beginning of the Audit process. The more historical data available, the better the Auditor can understand the performance of the plant at differing times of day, in various seasons, and under diverse production conditions. The data that can be collected at the beginning of an Energy Audit include the following:

- Energy bills and invoices (electricity and fuels) for the last 2 to 3 years
- Monthly production data for the last 2 to 3 years
- Climatic data for the period in which the Auditing is conducted
- Possible archived records with measurements from existing recorders
- Architectural and engineering plans of the plant and its equipment
- Status of energy management and any energy-saving measures implemented
- General information about the plant (year of construction, ownership status, renovations, types of products, operation schedule, operating hours, scheduled shut-downs, etc.)

Conducting the preliminary analysis

The preliminary analysis helps the Energy Auditor to better understand the plant by providing a general picture of the plant energy use, operation, and energy losses. This effort provides enough information to undertake any necessary changes in the Audit plan.

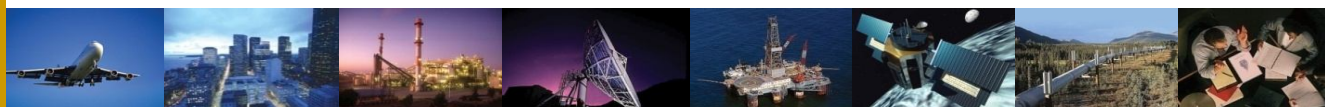
In the preliminary analysis, a flowchart can be constructed that shows the energy flows of the system being audited. An overview of unit operations, important process steps, areas of material and energy use, and sources of waste generation should be presented in this flowchart.

Analyzing energy bills

Energy bills, especially those for electricity and natural gas, are very useful for understanding and analyzing a plant's energy costs. It is important to understand the different components of these bills, so that a correct and helpful analysis can be conducted.

Inventory and measurement of energy use

Gathering data through an inventory and measurement is one of the main activities of Energy Auditing. Without adequate and accurate data, an Energy Audit cannot be successfully accomplished. Some data are readily available and can be collected from different Divisions of the plant being audited. Some other data can be collected through measurement and recording.





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The Energy Audit team should be well-equipped with all of the necessary measurement instruments. These instruments can be portable or installed in certain equipment. The most common data measured during the Auditing process are:

- Liquid and gas fuel flows
- Electrical measurements, such as the voltage, current intensity and power, as well as power factor
- Temperatures of solid and liquid surfaces
- Pressure of fluids in pipes, furnaces or vessels
- Exhaust gases emissions (CO₂, CO, O₂ and smoke)
- Relative humidity
- Luminance levels

Analyzing energy use and production patterns

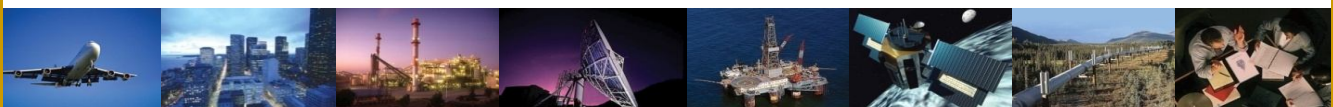
Load/Demand profile

A graph showing the load shape of a device or equipment over time is known as load/demand profile or diagram. If such a diagram is plotted for the load requirements of all the electricity-using equipment in a plant, it can be useful for determining the characteristics of the power requirements and for understanding the power supply economics. The shape of the load profile depends on the working arrangements and the nature of the processes and the energy systems in the plant being audited.

The load profile can be monthly, daily, hourly or, if possible, more frequently. The time interval of a load profile depends on the purpose of the final analysis for which the load profile is needed. Most of the electricity bills provide enough information required for the development of the monthly load profile.

Load Duration diagram

In addition to the load profile, another useful analysis for assessing the operational performance of electricity use is a “load duration” diagram. The load duration diagram can be constructed from the load profile so that the cumulative durations of any particular load over the observed period are plotted in a sequence together. The useful features of a load duration diagram are:





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- It indicates not only the peak loads but also the duration of the peak loads over the observed time interval which is important in making the demand control strategies. It provides an insight into variable and fixed demand which provides a basis for determining operational performance. Ideally, variable demand is caused only by production variability, while fixed demand reflects the unavoidable minimum consumption that occurs regardless of production output. There is often a good opportunity to reduce both the fixed and variable portions of the demand in industrial plants.
- It also helps to determine the load during the non-production hours in order to reduce the energy use. It is often possible to determine the significant energy saving opportunity since some equipment might be working during non-production hours unnecessarily.

Scatter diagram for presenting the dynamics of the energy-production relationship

Variations in energy use are to some extent due to production variability. However, often excessive variation in energy use occurs that cannot be explained by the variation in production. In this case, the cause of such excessive variation can be identified by using various techniques. For this purpose, the energy and production data and adequate knowledge of the production process is required. Electricity and fuel intensity patterns can be constructed and interpreted.

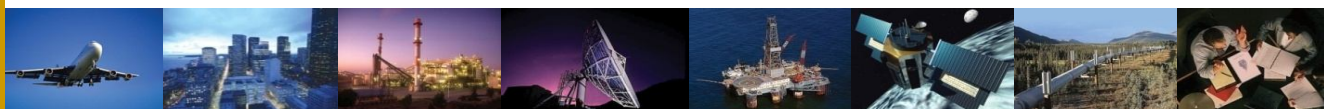
A scatter diagram in which production is presented on the x-axis as an independent variable and energy is presented on the y-axis as a dependent variable provides useful information on the underlying relationship between energy use and production. Such a scatter diagram does not have any time dimension. If production varies, it is expected that the energy use will vary as well. The position of each point in the scatter diagram is the result of explainable causes and production circumstances that have occurred during the observed period. When the energy use–production relationship is visualized in a scatter diagram, variations in performance become visible immediately and the auditor can begin to interpret the variation and take action.

Interpretation of energy-production data pattern on a scatter diagram

An Energy Auditor needs to interpret unusual data patterns that appear on the scatter diagram.

A scatter diagram visualizes energy use patterns and can be used for qualitative analysis, but it does not provide quantitative information. To conduct the quantitative analysis, the statistical methods such as regression analysis should be applied.

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NATIONAL **NON - LIFE**

D & O Liability Insurance

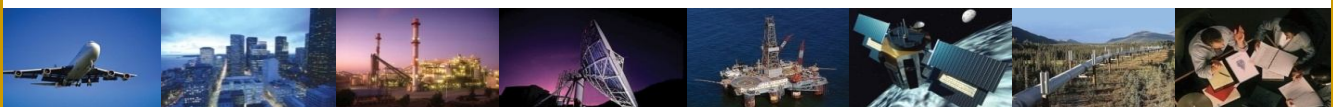
New Companies Act clearly lays down the duties and responsibilities of directors and senior officials and thereby holds them accountable directly for the same. The approval of the new Companies Act by Indian Parliament has once again brought the focus back on the Directors' and Officers' (D&O) Liability Insurance. If one is a Director or a senior official with a Company, please ensure that the Company has taken a D&O Liability Insurance and that one is covered under the same. A personal liability arising on account of any failure on your part in carrying out your responsibilities properly or any wrongful act committed by you in your managerial role may catch you by shock and burden you with legal expenses and significant financial liability to be paid to aggrieved party/ies.

Govt urged to reconsider hike in pay limit for ESI coverage

The Government's recent decision to raise the pay limit from INR 15,000/month to INR 25,000/month to get coverage under the Employees' State Insurance Scheme (ESI) without any improvement in service quality has been opposed by a section of trade unions. The Centre of Indian Trade Unions has called for a review of the decision. That the upward revision of coverage limit would swell ESIC's kitty, but are concrete steps being taken to improve the quantity and quality of services for the insured persons? Instead, let the Government focus on taking action against defaulting employers both in the case of not enrolling all the insurable workers under their domain and also for not remitting ESI contributions of enrolled workers in time.

Medical Progress Escalates Costs

Advances in medical technology are resulting in higher Health Insurance claims, with some treatments witnessing a 50 % increase in costs due to advanced procedures – particularly less painful ones entailing faster recovery. To illustrate coronary stent implants. Conventional metallic stents cost around INR 40,000/- on average. These were followed by drug eluting stents. These are superior to metal stents, since they release medicines, which prevent complications, but cost INR 150,000/- on average. But even these have now been overtaken by biodegradable stents, which cost above INR 300,000/- each. Treatment costs have increased by 50-60% in cases of arthritis and brain stroke. Spinal cord disorder, heart stroke, hip & high fractures have seen an increase of 25 to 50 % in treatment costs.





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Delhi has higher health insurance population

There is a higher incidence of preventive health checks among the insured population

Delhi has a higher health insurance population (80%) than Mumbai (66%), according to Max Bupa Walk for Health Survey 2013 conducted by Nielsen. There is a higher incidence of preventive health checks among the insured population.

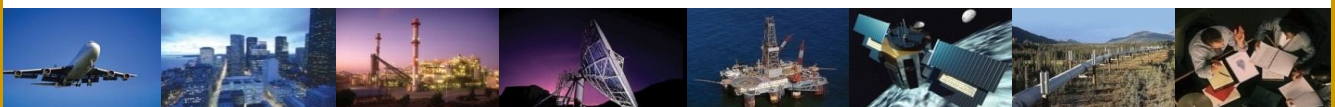
The study added in Mumbai, specifically, people suffering from blood pressure (42%) and diabetes (37%) have started walking after their doctors advised them to do so, while in Delhi it was cholesterol (22%) and obesity (26%) that made people take to walking.

In Bangalore, blood pressure was found in 26 % people who started walking on doctor's advice, cholesterol in 29 % and obesity in 24 %.

People in Delhi, according to the survey, want to continue walking primarily for reducing health problems, being energetic, building stamina and controlling weight. Among those insured, 64% in Delhi, 45% in Mumbai and 57% in Bangalore go for a regular body check-up.

IRDA expands 'key persons' definition

The Insurance Regulatory and Development Authority (IRDA) has expanded the definition of 'key persons' to include the posts of 'compliance officer' and 'chief risk officer' of insurance companies. "Key persons" are key officials of insurance companies who play a critical role not only in running the business but also in complying with the regulatory requirements. Following IRDA's latest decision, "key persons" include the chief executive officer, chief marketing officer, appointed actuary, chief investment officer, chief of internal audit, chief finance officer, chief risk officer and chief compliance officer of insurance companies. Insurers have also been told to submit details of the respective key persons and inform IRDA in case of any position falling vacant. According to IRDA, at no point of time should the position of any "key person" be remain vacant for more than six months.





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NATIONAL LIFE

Extended scheme for unorganised sector

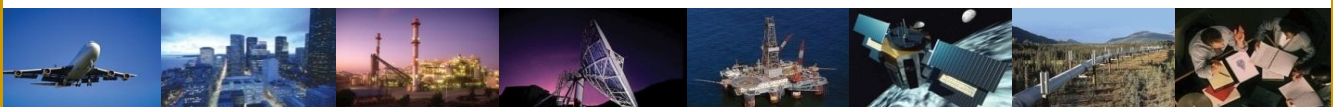
Armed with statutory powers after the passage of the Pension Bill in Parliament, the Pension Fund Regulatory and Development Authority now wants to aggressively expand pension coverage for the unorganised sector workers through the “Swavalamban” scheme and has sought the Government's help to extend the INR 1,000 per annum subsidy to subscribers under the scheme by another 25 years. The Finance Ministry is weighing the fiscal implications of the move considering that growth in the enrolment of unorganised sector workers could rise exponentially. Only 12% of the workforce is now covered by one or the other social security scheme. Although the government extended the subsidy for Swavalamban until 2016-17, the scheme has so far covered only about 2 million of the total 400 million plus workers in the unorganised sector.

Return on premium products could become costlier

Return on Premium (ROP) term products sold by life insurers could see a rise in premiums, when the traditional product guidelines are implemented from 1st January 2014. These products, which return the premium at the end of the term, if the policyholder completes the tenure of the plan, charge higher premiums than pure term products. According to insurers, these products, which are offered as a variant of term products, may have to offer a surrender value from 1st January 2014 onwards, which would make it more expensive. Pure term products do not offer any cash-back option, if a policyholder completes the tenure of the plan. The sum assured is paid only if on the death of a policyholder, before the end of the policy term.

Guaranteed surrender value (GSV) is the cash amount a policyholder gets if she or he surrenders or exits the policy before its maturity. This value is paid only on products which have a savings component and is not paid for exits made on pure-term policies. ROP products also do not offer surrender value.

According to the new product guidelines by the Insurance Regulatory and Development Authority (IRDA), at least 30% of all premiums paid (minus the survival benefits) will be paid to a policyholder if the policy is exited between the second and third year. If premiums are paid for a longer period, the surrender value increased to 50% and higher.





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Industry officials said that rather than have an ROP product, insurance firms may offer return on premium as a rider to a pure term plan. So, those who want their premiums back can opt for it. However, customers with a high-risk proposition could stand at a disadvantage because death benefits are similar to that of a pure term plan, the premiums could be 10-15% higher than the regular products.

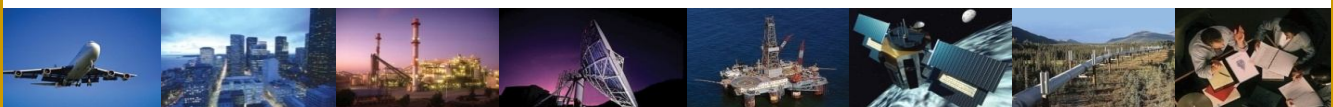
28% Indians invest in retirement plans: survey

About 72% employed people earnestly desire to invest in retirement plans but only 28% actually do so, according to a survey conducted by Max Life Insurance and Nielsen India. The key findings from a sample of nearly 1,100 respondents, seeking their opinion on retirement planning, indicated that 89% people in the north, 81% in the east, 88% in the west and only 55% in the south would like to invest in their retirement plans. But only an average 28% of them actually do so. Most Indians believe that their children would take care of them in their old age. But 60% of the people surveyed were not sure if they would stay with their kids. And 40% of them “hoped” to do so.

Across India, only 58% people are aware about retirement plans. About 85% of people surveyed in western zone do account for inflation when planning retirement funds and 53% are also aware of rise in medical expenses.

Life insurers get 3 months to phase out old products

In major relief to life insurers companies that did not have adequate products in their bouquet, the Insurance Regulatory and Development Authority (IRDA) has extended the deadline for phasing out old products in the traditional segment to 31st December, 2013. The earlier deadline was 1st October 2013. Not extending the deadline would have meant limited new products for customers to choose from.





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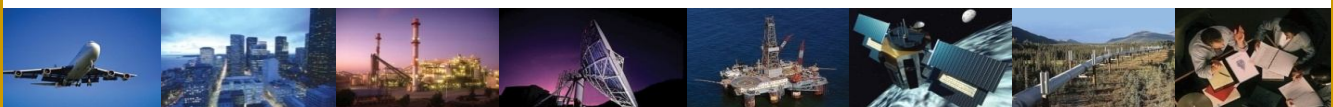
REINSURANCE

GIC Re to issue catastrophe bonds in international market

GIC Re will be the first Indian Company to float catastrophe bonds in the international market as it looks to trim recent losses and raise money at a lower rate. The country's national reinsurer will issue catastrophe bonds in the United States to cover risks arising out of natural disasters like earthquakes, floods and tsunami. The bonds are generally priced 200 basis points above the 10-year US treasury yield. The price offered on Cat bonds is higher than corporate bonds as they carry junk status and investors run the risk of losing their entire sum. The US market has a good appetite for these bonds. GIC plans to raise money and keep it in a trust account. According to the Swiss Re Cat Bond Price Return Index, Cat bonds have returned 9.09% in first nine months till September 30, 2013. Large global reinsurance companies like AXA, Swiss Re issue Cat bonds to reinsure against catastrophes. Also, companies package various catastrophic risks and some even design products based on specific perils like storm, earthquake and flood.

GIC Re went through a bad patch in recent times, with claims from this year's Uttarakhand floods touching INR 15 billion.

The Corporation has made underwriting loss of INR 49.71 billion in 2011-12. It took hits from floods in Thailand, Japan's earthquake and Christchurch earthquake in New Zealand, prompting it to look at cost effective alternatives.





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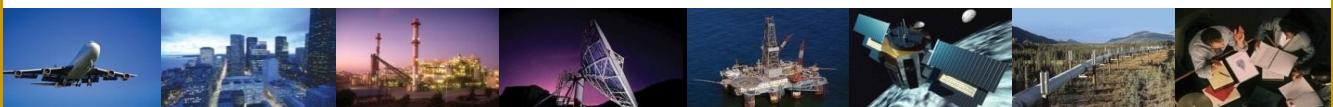
FIRE WORKS SAFETY

(I) Fireworks Injuries



(II) Safety Tips When Using Fireworks

- Never allow young children to play with or ignite fireworks.
- Always have an adult supervise fireworks activities. Parents don't realize that young children suffer injuries from sparklers. Sparklers burn at temperatures of about 2,000 degrees - hot enough to melt some metals.
- Never place any part of your body directly over a fireworks device when lighting the fuse. Back up to a safe distance immediately after lighting fireworks.
- Never try to re-light or pick up fireworks that have not ignited fully.
- Never point or throw fireworks at another person.
- Keep a bucket of water or a garden hose handy in case of fire or other mishap.
- Light fireworks one at a time, then move back quickly.
- Never carry fireworks in a pocket or shoot them off in metal or glass containers.
- After fireworks complete their burning, douse the spent device with plenty of water from a bucket or hose before discarding it to prevent a trash fire.
- Make sure fireworks are legal in your area before buying or using them.





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HOSPITALITY – 7 STAR STYLE

Question: “What would you like to have ... Fruit Juice, Soda, Tea, Chocolate, Milo, or Coffee?”.

Answer : “Tea please”.

Question: “Sri Lanka Tea, Herbal Tea, Bush Tea, Honey Bush Tea, Ice Tea or Green Tea?”.

Answer : “Sri Lanka Tea”.

Question: “How would you like it? Black or White ?”.

Answer : “White”.

Question: “Milk, Whitener, or Condensed Milk?”.

Answer : “With Milk”.

Question: “Goat Milk, Camel Milk or Cow Milk”.

Answer : “With Cow Milk please”.

Question: “Milk from Freeze Land Cow or Afrikaner Cow?”.

Answer : “Um, I’ll take it black”.

Question: “Would you like it with Sweetener, Sugar or Honey ?”.

Answer : “With Sugar”.

Question: “Beet Sugar or Cane Sugar?”.

Answer : “Cane Sugar”.

Question: “White, Brown or Yellow Sugar”.

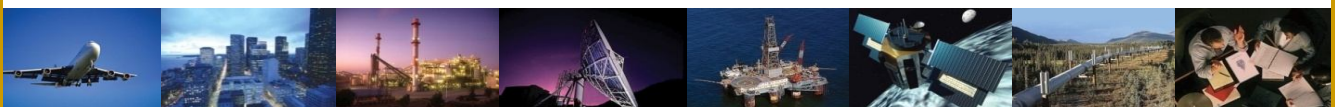
Answer : “Forget about Tea, just give me a glass of water instead.”.

Question: “Mineral Water or Still Water?”.

Answer : “Mineral Water”.

Question: “Flavoured or Non-flavoured?”.

Answer : “I’ll rather remain thirsty..”.





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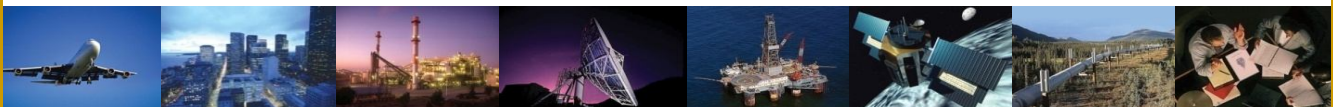
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